

EUROPEAN NEWS

French N-test lobby strengthened by Greenpeace affair

BY DAVID MARSH IN PARIS

THE influence of the French military establishment pressing for continued nuclear weapons testing in the south Pacific seems to have been strengthened by the latest repercussions of the Rainbow Warrior affair.

Just over three months after the flagship of the Greenpeace ecologist organisation was sunk by the French secret service in Auckland harbour on July 10, defence officials in Paris say the affair will have no lasting impact on France's nuclear weapons policies.

Renewed confidence has coincided with the severe setbacks encountered this week by Greenpeace in its protest campaign against tests on Mururoa atoll in French Polynesia. The organisation's new flagship, the Greenpeace, has apparently abandoned efforts to sail to Mururoa as a result of an electrical failure which forced it to seek help at Tahiti. Several other smaller Greenpeace protest vessels are, however, still in the area.

Indications that the Socialist Government's resolve over testing has been strengthened have come from statements from President Francois Mitterrand underlining that tests will continue "as long as necessary".

France's nuclear weapons designers, meanwhile, are underlining the need to develop new more sophisticated warheads to combat future possible Star Wars-type defence systems mounted by the superpowers. M. Jacques Chevallier, the long standing head of the military divisions at the Atomic Energy Commission (CEA), said this week that "the more one makes evolutions in weaponry, the more one needs tests."

M. Paul Quilès, the new Defence Minister who replaced M. Charles Hernu last month when the latter resigned to take political responsibility for the affair, has been giving uncompromising support to the nuclear programme.

Addressing a lunchtime audience this week, mainly composed of nuclear energy experts, government officials and military officers gathering to commemorate the 40th anniversary of the CEA, M. Quilès paid tribute to the nuclear drive as "guaranteeing France's independence." Underlying the importance of strong political

David Brown reports on a spending dilemma for a country on the front line

Swedish army chief warns on defence outlays

"SWEDEN'S neutrality policy stands firm," Prime Minister Olof Palme declared at the recent formal opening of Parliament, conceding however that the growing tension between the superpowers has heightened the strategic significance of the Nordic region.

"We have won respect for our determination to defend the territorial integrity of this country with all means at our disposal," Mr. Palme declared. But his military establishment would not agree.

One day before the Prime Minister's address, Gen. Lennart Ljung, supreme commander of the armed forces, issued a stern warning that a serious deterioration in Sweden's military strength has undermined the credibility of its neutral stance.

"There is a growing gap between the demands which have been placed on us and our actual capabilities," he said.

Unless the administration approved a major 3 per cent annual increase in military spending over the next five years, the erosion would continue, requiring the political powers that be to "redefine our actual mission," he said.

He cited the following statistics on Sweden's military capability over the last 20 years:

● Infantry, air, submarine and surface naval power has halved.

● The number of tank divisions and coastal artillery units has



Soviet submarine aground in Karlskrona in 1981

dropped by 30 per cent.

● The ability to mobilise 800,000 men within 72 hours is seriously in doubt.

● The air and anti-submarine forces are entirely inadequate

to meet the growing threat of territorial incursions.

Gen. Ljung also indirectly pointed to new threats such as the Soviet Spetsnaz sabotage units suspected of being

operated along the Baltic coast and on Swedish territory, as well as continued submarine and airspace violations.

In his report on the military situation, Gen. Ljung wrote:

"The extent and character of the underwater intrusions, combined with the obvious risks a foreign power is prepared

to take, suggest the purpose is not of a limited nature. They are most likely forms of operational preparation for a

crisis or war situation," he said.

His warning comes at a difficult moment for Stockholm, grappling at home with the dictates of austerity and abroad with its attempts to normalise relations with its biggest neighbour to the East.

As the neutral buffer (along with Finland) between Nato and the Warsaw Pact in Scandinavia, Sweden is in a delicate position. Its security policy is based on the assumption that it has military resources sufficient to discourage either side from using Sweden as a transit or staging point.

There has been a steady quantitative and qualitative build-up by the Soviet Union in the region, not least at its major Atlantic Fleet headquarters and nuclear installations on the Kola Peninsula, the world's largest naval complex.

Moreover, repeated territorial incursions have strengthened the argument of such critics as Mr. Car Bildt, the Conservative shadow Minister of Defence, that Sweden's neutrality is no longer backed by a sufficient commitment to military spending.

Meanwhile, Mr. Palme has accepted an invitation to visit Moscow—a major step towards normalising relations between the two countries. These have been sour since late 1981, when a nuclear-armed Soviet sub-

marine ran aground directly outside Sweden's main naval installation in Karlskrona following what Moscow rather implausibly termed "navigational errors."

There is a pragmatic understanding that cuts across political boundaries in Sweden of the need to maintain friendly relations with Moscow. However, a forthcoming report from the Defence Staff pointing to continued territorial intrusions by submarines will also strengthen the argument for higher military outlays.

It would be difficult if not impossible for Mr. Palme to proceed with a defence policy without the support of the Opposition. But he also faces heavy resistance from the left wing of his own Social Democratic Party as well as the Communist Party whose support he depends to maintain a parliamentary majority, in pushing through spending increases at a time of restraint.

Thus, Gen. Ljung's request is unlikely to be approved. However, military spending has increased as a percentage of Gross Domestic Product from 3 per cent in 1982 to 2.8 per cent today and there is scope for some increase. As one spokesman for the Defence Staff said: "The best way we can hope for is to shift the spectrum of options one notch in our direction."



Victorious Martens to pursue austerity

By Ivo Dawny in Brussels

MR Wilfried Martens, leader of the victorious centre-right coalition at Belgium's weekend general election, yesterday dedicated his new Government's central objective as pursuing his austerity programme for economic recovery.

In his first press conference since being called on by King Baudouin to form a government, Mr. Martens said the voters' 50.2 per cent turnout for his four-party coalition of Liberals and Christian Democrats represented a clear endorsement for his economic strategy.

As if to confirm this view, the Belgian Central Bank has announced a 0.5 per cent cut in interest rates, reducing the base discount rate to 9 per cent and current account rates to 8.5 per cent. The move is seen as evidence of satisfaction in financial and business circles at the election's outcome.

Talks between party leaders, begun yesterday and continuing today, are now seeking to hammer out the shape of the new Cabinet. Mr. Martens said that the exact programme of the administration need not be agreed until November 13, the earliest date by which investment of senators can be completed and the new Parliament formed.

Bulgaria seeks further credit

By Patrick Blum in Sofia

A NEW credit line is being arranged for Bulgaria, its third this year. It comes only a week after a \$125m deal which was put together by Sunjilop Bank.

Mr. Vesselin Rinkov, first deputy president of the Bulgarian Foreign Trade Bank, said yesterday that the new credit is being put together by Deutsche Bank and that it will be for about the same amount as the Sunjilop one.

He would not say on what terms the new credit would be arranged.

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Swiss limit immigration

By John Wicks in Zurich

SWITZERLAND is to continue its extremely restricted immigration policy, according to a government statement in Bern.

For the 12-month period starting November 1, federal and cantonal authorities will be able to issue only a maximum total of 8,250 new one-year residence permits.

This quota is below the maximum of slightly over 10,000 which the Government is permitted to grant by law. The ceiling of 146,724 set for seasonal workers' permits is only 60 per cent of the statutory maximum, whereby the total number of seasonal employees present in Switzerland at any one time continues fixed at 110,000.

The Government has for many years been under considerable public pressure to stabilise the share of foreigners in the population which is currently running at 14.5 per cent.

Maltese premier seeks stronger role

BY GODFREY GRIMA IN VALETTA

MALTA'S Prime Minister of nine months, Dr. Carmelo Mifsud Bonnici, travelled to the Commonwealth Heads of Government meeting in Nassau this week with a new role for Malta in mind.

Dr. Mifsud Bonnici believes that the Commonwealth should be strengthened and that members should draw more significant defence and economic returns. He plans, for instance, to suggest that the Commonwealth should, for instance, set up a United Nations style peace-keeping force to help member states under threat from outside.

In contrast to the cantankerous approach of Mr. Dom Mintoff, his predecessor, he favours co-operation with allies. Industrialised Commonwealth states would partner others grappling with the problems of economic development by making aid available in the

form of development loans, he says.

Malta has already moved closer to its former military and now major trading partners in the West. Britain has agreed to dredge the island's harbour, Italy is shortly to produce new military and economic guarantees and the European Economic Community has pledged another Ecu 29.5m (£17m) in economic aid.

The island's economic problems are to be solved, an additional £100m (£163m) worth of exports is needed each year and an extra 10,000 jobs must be created.

While strengthening Malta's ties with the West, the Prime Minister is therefore unlikely to turn his back on Soviet support. He wants to promote a new \$365m three-year counterrade deal with the Soviet Union as soon as a similar accord expires next

year.

But Dr. Mifsud Bonnici's footwork has not been quite so nimble in the domestic sphere. His defence of policies enacted by Mr. Mintoff, however controversial, remains unflinching.

Recently, amid charges of limiting democratic practice Dr. Mifsud Bonnici banned a group of European Christian Democratic politicians visiting Malta from addressing a rally.

The Government was criticised, but the President blamed the opposition for the introduction by Mr. Mintoff of the highly controversial Foreign Interference Act, shortly after the 1981 elections. The legislation bans foreign politicians from participating in the island's political debate.

"The opposition took the practice of international lobbying to extremes. I have problems explaining to foreigners how easily impressed Maltese

are by foreigners. How can a government in a small country like ours take on the weight of the world's community of Christian Democrats?" Dr. Mifsud Bonnici argued.

At the last election in 1981, he insisted, the opposition had invited every Christian Democratic party leader in Europe to address its rallies.

The opposition, for its part, is still suspicious of the role of Mr. Mintoff. The Nationalist Party of Dr. Eddie Fenech Adami, says Mr. Mintoff is orchestrating cosmetic changes behind the scenes for the benefit of international investors and undecided Maltese voters.

A general election must be held by early 1987, and extra jobs and increased welfare would prove a help to Dr. Mifsud Bonnici's hopes of maintaining power.

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Earthquake fells Soviet factory

By Patrick Cockburn in Moscow

THE EARTHQUAKE in Soviet Central Asia last Sunday night destroyed schools, farms and factories, the Communist Party daily Pravda said yesterday.

The centre of the earthquake, the worst to hit the Soviet Union for over a decade, was in the outskirts of the town of Kairakum in the republic of Tajikistan, not far from the border with China and Afghanistan.

The number of casualties has not been announced but the quake, which registered on 6.1 on the Richter scale, destroyed a carpet factory in which 1,000 night shift workers were working. The first tremor caused panic but a second brought down the factory's concrete supporting beams. Pravda said that parents had crawled through the rubble of the factory looking for their children.

Later, "detachments from rescue and military units cleared the rubble from the factory departments and pulled out the dead bodies" of workers crushed when the building collapsed, according to another Press report.

Kairakum, a town of 15,000 people, stands on an artificial lake with a hydro-electric power station. Many of the buildings were put up in the 1950s but were not designed to resist earthquakes like modern buildings in Soviet Central Asia.

Many of the old buildings were damaged by the quake leading to "loss of life and many people becoming homeless," according to the Soviet news agency Tass. Helicopters are being used to remove wreckage.

Families with small children and hospital patients from Kairakum have been moved to the nearby city of Leninabad where they are being put up in local hotels and hospitals. The rest of the 8,000 people, whose houses have been destroyed or damaged, are being provided with tents and wooden trailers.

The Soviet media, while giving graphic details of the disaster, has emphasised that life is returning to normal. Tass says that electric power supply and communications to Kairakum were restored on a makeshift basis last Tuesday and sufficient relief supplies have been rushed to the city.

Greek strike call defeated

BY ANDRIANA IERODIAKONOU IN ATHENS

THE leadership of GSEE, Greece's trades union congress, narrowly defeated a motion for a 24-hour nationwide general strike next week to protest against an economic austerity package announced by the Socialist Government on October 11, in a stormy vote in the early hours of yesterday morning.

The austerity package includes a two-year wage freeze and a significant watering-down of the present system of linking wages to inflation. Up to the eleventh hour the

general strike motion was expected to be carried thanks to a split in the ranks of the Socialist majority in the GSEE leadership, some of whose members have decided to vote in favour along with Communist colleagues.

As it was, the motion was only just defeated thanks to the casting vote of the GSEE's president, Mr. George Raftopoulos, after the break-away Socialists decided to table their own separate strike proposal rather than to vote along with the Communists.

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EUROPEAN NEWS

EEC ministers fail to decide on steel controls from 1986

BY PAUL CHEESBRIGHT IN LUXEMBOURG

EUROPEAN Community industry ministers yesterday failed to respond to the demands of the steel industry and steel users for a rapid decision on the shape of market controls to cover output after the end of this year.

But they accepted that from January 1 there would be no investment or operating aids for the steel industry, although subsidies for research and development and environmental protection would be acceptable.

Apart from Italy and Greece there is also agreement that regional aid should be excluded from any assistance to the steel industry.

Meeting in Luxembourg, ministers were soon at odds on whether existing production quotas should remain, be partially lifted or changed in their allocation.

Their differences came three days after the European Coal and Steel Community committee embracing both steel makers and consumers, had called for a rolling over of the present system, for three months or a definitive decision at yesterday's meeting. Both sides of the industry were anxious to avoid uncertainty in

the market place as orders for the first quarter of 1986, are being taken now.

The only clear support for a roll-over of the existing system at the Luxembourg talks came from Belgium. The matters is assuming increasing urgency not only because of the market pressures, but also because the present system of EEC controls on the industry providing an umbrella for restructuring came to an end on December 31.

The Commission wants a three-year transition to the free market and would like controls immediately to be lifted on wire rods, reinforcing bars and coated products.

But discussion on products has become interlinked with demands from the UK and France for an increase in their national quotas. The first because the base of its quota was calculated at a time of low output the second because it has been losing market share.

Industry ministers would have to meet again in a fortnight when they will also address the remaining key question on subsidies — how and whether they should be used to encourage the closure of surplus capacity.

Bonn comes down against more money for Eureka

BY RUFERT CORNWELL IN BONN

THE BONN Government has come down against giving any extra resources in next year's federal budget to finance projects which form part of the Eureka scheme for high technology co-operation in Europe.

Instead, in the early stages of Eureka at least, the West German authorities intend that any money earmarked for Eureka should come out of the existing DM 7.5bn (£2bn) of funds already located for the Research and Technology Ministry for 1986.

This decision, which emerged yesterday from a meeting of Chancellor Helmut Kohl with ministers involved, represents a victory for Herr Gerhard Stoltenberg, the Finance Minister, in his campaign to hold down

public spending, and a defeat for the Foreign Ministry, under Herr Hans-Dietrich Genscher, which has pressed for fresh money for Eureka, as a symbol of Bonn's commitment to the scheme.

It will also be a disappointment for France, the moving spirit behind Eureka, which has pledged some 500 million FF (87.5m) of state funds last July, at the first international meeting of the 17 countries involved which was held in Paris.

By the same token, Bonn's attitude will earn approval in London, where the British Government is insistent that cash for Eureka should be provided not by governments, but by the financial markets or by companies themselves.

Capital goods imports put French trade back in red

BY DAVID HOUSEGO IN PARIS

RISING IMPORTS of capital goods, reflecting a pick-up in economic activity, helped tip the French trade balance back into the red in September.

Monthly figures issued yesterday showed a FF 2.6bn (£216m) deficit on a seasonally-adjusted basis after a surplus of FF 4bn in August. The cumulative deficit for the year has risen to FF 20.6bn.

The modest recovery in activity also caused a small drop in unemployment, with the number of jobless falling

on a seasonally-adjusted basis by 1.7 per cent to 2.58m.

The unemployment figures now seem to be stabilising at around 2.4m, in large part because of the Government's unemployment work programmes for the young.

Further evidence yesterday that the economy is picking up came in a Bank of France survey which said that industrialists believed that activity would be sustained for the rest of the year.



M. Claude Simon

Frenchman wins Nobel Prize for Literature

By David Brown in Stockholm

The 1985 Nobel Prize for Literature has been awarded to M. Claude Simon of France.

In his citation, the Nobel Committee praised his novels which "combine the poet's and painter's creativeness... in the depiction of the human condition."

Simon, born in Madagascar in 1913 of French parents, began his serious writing career at the end of the 1950s with the novel *The Wind*.

Anthony Curtis, Literary Editor, writes: Claude Simon began to establish his reputation as an important writer in the late 1950s, the period in France of the *nouveau roman*. He was recognised as a pre-eminent "new novelist" along with Alain Robbe-Grillet and Nathalie Sarraute.

M. Simon's early books had bald, back-to-nature titles: *The Wind* (1957), *The Grass* (1958). The reader, like the characters, was conscious that something of significance was going on beneath the hard, bright surface, but he could not quite make out what. On the flyleaf of *The Grass*, M. Simon quoted a remark of Pastermak: "No one makes history, no one sees it happen, no one sees the grass grow."

In M. Simon's novels you do not see the grass grow, but you do catch glimpses, through some of the finest prose written in French since the war, of the whole process of gestation, growth and decay. The small world of a single human consciousness is permeated by insights into the wider world of history. *The Flanders Road* (1960), for example, concentrates on one incident during the Battle of the Marne in 1914, lasting "not longer than ten minutes, but vividly recreated again and again, in the mind of the narrator. This one episode serves for the entire plot of the novel."

Like the other members of the "new novel" group, M. Simon has owed much to the cinema. His aim is to produce descriptive writing, uninterrupted by paragraphing, which has the complete objectivity of the movie-camera. In *Triptych* (1973), set in the Jura region where M. Simon was brought up, three separate episodes merge in the manner of an avant-garde film. Here, as always, M. Simon makes considerable demands on the reader's patience but the effort when made is well rewarded. It is good that new readers will wish to seek his work through the award of the Nobel Prize. English translations are available from John Calder Ltd.

Comecon softens line over links with EEC

By Quentin Peel in Brussels and David Budan in London

COMECON, the Soviet-dominated state trading bloc, appears to have conceded the two preconditions demanded by the European Community in order to establish official relations.

Officials of the European Commission are studying a proposal from Mr. Vyacheslav Sytchov, secretary of Comecon, proposing that the two sides sign a declaration leading to greater co-operation between the two blocs.

The Commission plan would specifically limit any relations to the "respective fields of competence." In EEC eyes, this would exclude any overall trade agreements, because the Soviet bloc lacks any common commercial policy on the lines of the EEC.

The proposal also suggests that the declaration "could create more favourable conditions for the development of bilateral relations between the individual member countries of Comecon and the EEC," according to Mr. Sytchov's letter.

In spite of the apparent shift of position, the Comecon plan is being treated with considerable caution both by the European Commission and the EEC member states.

Comecon's changed stance seems to stem from the decision of the Soviet Union that, in its strategy of wooing Western Europe, it now has more to gain politically even from a very vague common declaration with the EEC than it has to lose by ending some of the fine-print haggling that started the previous Comecon-EEC talks in the late 1970s.

EEC INTER-GOVERNMENT CONFERENCE AT HALF-WAY STAGE

Many ideas but little consensus over treaty

BY QUENTIN PEELE IN BRUSSELS

BLINKING WEARILY in the light of day, the EEC inter-governmental conference on revising the Treaty of Rome is about to come out for air.

Six weeks after they were set the thankless task of forging some consensus on the future shape and direction of the enlarged 12-nation Community, the best and brightest of national officials will on Monday have to report back to their Foreign Ministers on their progress so far.

Thanks to a last-minute rush of paper to the head, they will have a lot of ideas to submit but precious little sign of consensus.

The much-vaunted, much-revised inter-governmental conference, set up by the EEC summit at Milan in June over the vehement protests of Britain, Denmark and Greece, has reached the half-way stage in its race to report back to the next December summit, with just the beginning of an inkling what its mandate ought to be.

The key items on the agenda are now clear:

● How to streamline decision-making so that national barriers to a single Community-wide market can finally be removed before 1992.

● How to involve the elected members of the European Parliament more closely in decision-making—to underpin greater efficiency with greater democracy.

● How to formalise political co-operation on foreign policy, including aspects of defence and security, to extend the purely economic domain of EEC activity.

Other items are very much under discussion, including the newer areas of EEC activity, such as technology and the environment, how to promote greater "cohesion" (more money for the poor countries), European cultural activity, and give more administrative power to the European Commission.

The Commission itself has submitted a whole raft of proposals for Treaty amendment, on the argument that such an opportunity will not occur again for many years.

None the less, it is now accepted among all but the most diehard supporters of the *status quo*, that treaty amendment without some progress on all the first three items would be a wasted exercise.

Most of the first six weeks have been taken up with discussions on the Commission's proposals, because all the other member states seeking changes have been agonisingly slow in putting them forward.

The broad Commission strategy has been to focus on the decision-making in the Council of Ministers through the individual subject areas, above all the internal market.

What it is seeking is agreement that member states should still decide broad direction of policy by unanimous decision. Once that is agreed, all decisions flowing from it should be decided by a qualified majority (the weighted voting of the members).

Thus on research programmes, the outlines of a long-term research strategy over several years would have to be

agreed unanimously, but the yearly implementation would be decided by majority voting.

To that basic approach, France this week proposed an alternative which would seek simultaneously to speed up the processes of the Council of Ministers, and extend the role of the Parliament.

Thus the Council would be left in principle to decide questions on the internal market unanimously—unless the Parliament had itself approved the matter under discussion. If that were the case, then the Council would take decisions by majority vote.

The French proposals have left the most dedicated supporters of EEC reform profoundly disappointed. They believe they fall far short of the enthusiasm expressed by President Mitterrand in the past.

The sceptics, however, such as Denmark and the UK, suggest they are much closer to the real world. Nobody really wants to change the basic balance of power in the Community, they insist.

The disparity of views has left Luxembourg, the current member state in the chair, with a daunting task of reconciliation.

M. Jean Dondelinger, Luxembourg's top diplomat who is chairing the working group of ambassadors, sounds deeply disappointed about the prospects of a comprehensive and coherent reform package being ready for the December summit.

None the less, he is asking the Foreign Ministers next week to give clear guidance on the minimum package they want from the conference—a package which he says must include substantial measures on the internal market and the Parliament.

Then the officials will go back to work.

WHAT THE AMENDMENTS ARE

The amendments fall under two broad categories: those which concern institutional reforms, to make the Community both more efficient and more democratic; and those which spell out new areas of interest, such as technology and the environment.

A quite separate discussion is going on between the political directors from all the Foreign Ministries on a proper text to formalise their political co-operation on foreign policy questions currently outside the Treaty.

The most contentious issues fall under the institutional heading. One problem is how to speed up implementation of a genuine common market, and abolish remaining national barriers. Another is how to give more power or involvement to the European Parliament, now directly elected but largely toothless.

New areas of interest are not so controversial, because many are already the subject of EEC activity under Article 235 of the Treaty of Rome, which, in effect, provides for "any other business," provided member states are unanimous.

A further controversy is likely over the European Commission's proposal to spell out the need for greater

"cohesion"—accelerated development for the poorer member states—much more specifically than hitherto.

● Internal Market: The problem in completing the internal market, and removing remaining barriers by 1992 as EEC leaders have agreed, is that many decisions have to be taken unanimously.

The most sweeping proposal has come from the Commission, which proposes that unanimous voting be replaced by qualified majority voting across a whole range of specific questions, such as freedom of establishment and recognition of professional qualifications.

On Article 99, which provides for progressive harmonisation of indirect taxation, the Commission also wants majority voting "to the extent that such harmonisation is necessary to ensure the establishment and proper functioning of the internal market."

The same somewhat ambiguous proviso is attached to a similar proposal on Articles 100 (all national laws affecting the internal market, not covered elsewhere), and Article 235, the any other business clause.

On the question of tax harmonisation, the French

proposal appears to leave the requirement for unanimity intact, but adds a requirement for the Council of Ministers to decide just how far they believe tax rates need to be harmonised for the internal market to work properly.

● European Parliament: The most radical proposal has come, predictably in view of a vociferous domestic lobby, from Italy. It would give the assembly an effective power of veto over decisions by the Council of Ministers in specific areas, such as the internal market, and in new fields such as technology and the environment.

West Germany has proposed a series of different "baskets" with varying degrees of involvement for the Parliament. They include consultation, collaboration, co-operation and co-decision making.

The French proposals on the Parliament allow MEAs the opportunity to amend Commission proposals before they go before the Council of Ministers. If the Parliament goes so far as to reject the Commission proposals, then the Council would have to decide unanimously to over-ride it.

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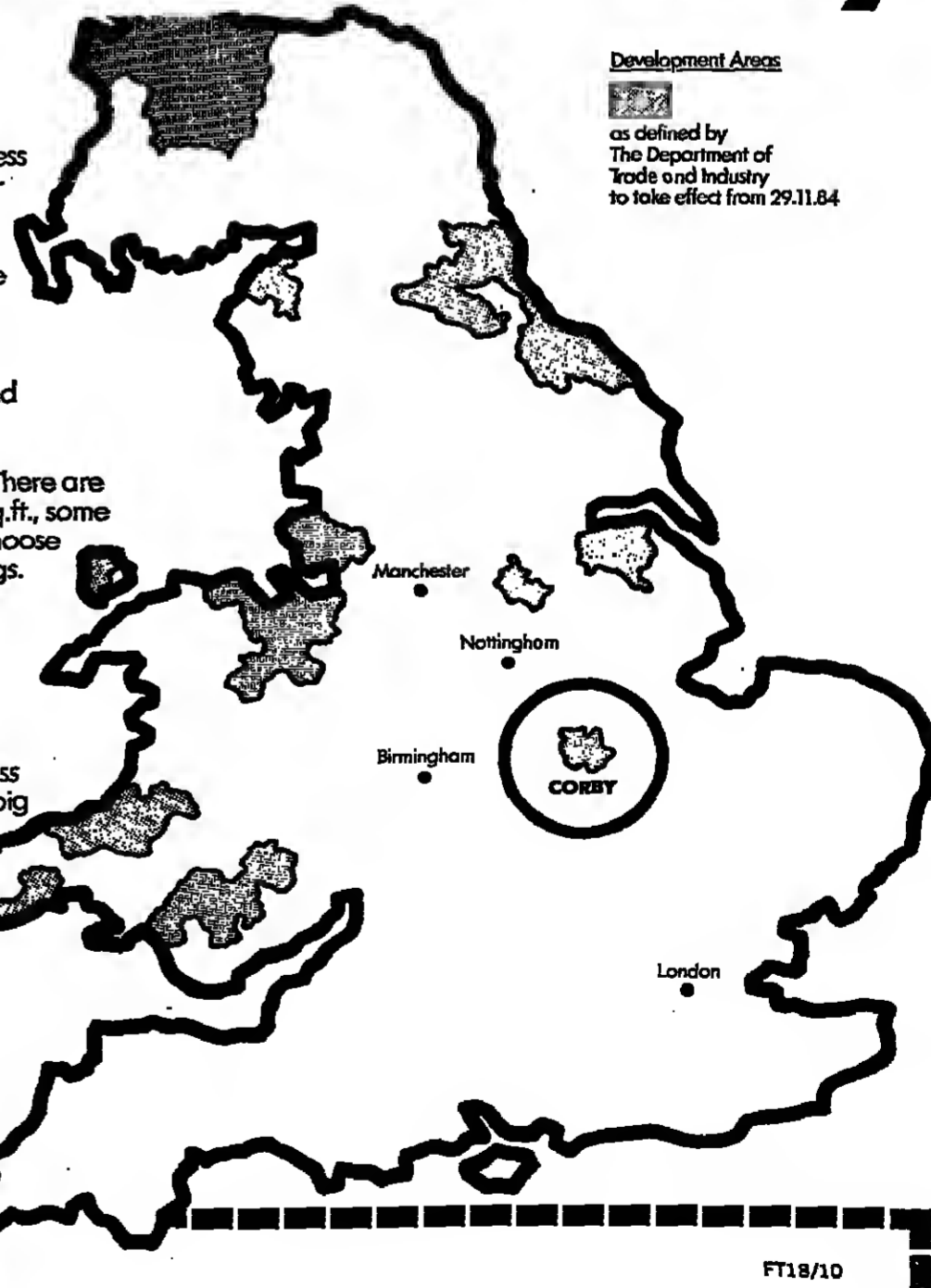
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CORBY WORKS

OVERSEAS NEWS

Botha stops plan by Afrikaner students to meet ANC youths

By Jim Jones in Johannesburg

TALKS planned for next week in Lusaka between university of Stellenbosch student leaders and the barred African National Congress's youth league have been abruptly blocked by the South African Government.

Within hours of presentation of the students' motives on television on Wednesday night by Mr Philip Verster, student representative council leader, President P. W. Botha ordered that the students' passports be revoked and that passport applications be rejected.

Mr Verster said that he had hoped the talks would help initiate negotiations at a higher level. He added that talks had been planned, not in a spirit of irresponsibility but in "a modest attempt to promote mutual understanding."

Stellenbosch is one of the prestigious of Afrikanerdom's universities and is generally accepted as providing the group's elite leadership. President Botha, who is the Chancellor of the University, had earlier called on the students to abandon their plans, warning them not to give "credibility

and status to people of violence."

The fact that normally compliant Afrikaner students failed to heed the President's injunction emphasises the disquiet felt in a number of white circles at the Government's inability and unpreparedness to talk with the ANC.

That unwillingness was further underlined yesterday morning when the Government controlled radio service broadcast a strong attack on the ANC, accusing it of being Marxist and determined to take power in South Africa through violent revolution.

South Africa's Medical and Dental Council has struck from the roll Dr Benjamin Tucker for disgraceful conduct over the death in detention of black activist Steve Biko in 1977.

The action follows a Supreme Court ruling early this year granting an application by six doctors that the council's disciplinary committee review the roles of Dr Tucker and Dr Ivor Lang, who were employed by the state and who treated Mr Biko shortly before he died

Lebanese suicide bombers hit radio station

By Our Tel Aviv Correspondent

THE "Voice of Hope" radio station in the Israeli-controlled enclave on Lebanon's southern border was silenced yesterday as the explosives strapped to the bodies of three suicide bombers detonated, killing them as well as a station technician and one of the guards.

Heavy damage was caused to the building housing the station which is operated by "High Adventure," a U.S. evangelical Christian missionary group whose broadcasts are viewed favourably by Jerusalem. The guard was a member of the South Lebanon Army, the Israeli sponsored and mainly Christian militia.

The radio station, two miles from the border, broadcasts religious propaganda as well as news and comment regarded by Moslem and left-wing factions as being pro-American and pro-Israeli.

The "Voice of Hope" said that it would soon be back on the air helped by equipment lent by Middle East Television, a sister network.

After the raid Israeli soldiers and militiamen entered the nearby village of Al Khiam and searched the area for hidden weapons and explosives.

In Nabulus on the Israeli-occupied West Bank an Israeli soldier was injured today when the jeep in which he was travelling was stoned.

Meanwhile, a Tel Aviv district court sentenced four Palestinians from the occupied territories to prison terms ranging from 30 months to seven years for plotting to attack the U.S. embassy last year.

Samuel Soren explains why an aid project has been hit in the battle against Marcos

Tactics change Filipino guerrilla war

WHEN A BAND of about 50 guerrillas of the Communist New People's Army (NPA) swooped on an Australian farm training centre in a remote village in the Philippines in August, they gave notice of a new approach in their efforts to bring down the Government of President Ferdinand Marcos.

The raiders smashed hundreds of thousands of dollars worth of machinery and equipment, and bailed away livestock. They left unharmed both the Australian instructors and a number of farmers who had just finished a crash course in modern methods, but issued a blunt warning to the Australians.

The youthful raid leader said they must abandon the project because they were helping to prop up the silt Marcos regime. The NPA has been trying for 16 years to get rid of the Philippines leader, but this was the first time it had attacked a foreign aid project.

Reaction from Canberra was quick and decisive. Less than a week after the raid, Mr Bill Hayden, the Australian Foreign Minister, announced the withdrawal of 21 Australian consultants because security risks in the project area had risen to "an unacceptable level."

Following the killing of an Australian engineer in another

President Ferdinand Marcos said yesterday that he and a U.S. envoy discussed "some anticipated conflicts" but agreed the Philippines could take care of its own interests without U.S. intervention, AP reports from Manila.

Mr Marcos, in a cryptic statement issued by his palace after two breakfast meetings with the envoy, Senator Paul Laxalt, did not mention U.S. concern over the growth of a communist insurgency.

Such concern apparently prompted the visit by Mr Laxalt, sent as a special emissary by U.S. President Ronald Reagan.

aid project in southern Philippines several months ago, Canberra did not want to risk more deaths. At the end of last month the evacuation of the Australians from Cataraman was completed, and the project will be administered from Manila.

The political arm of the NPA, the National Democratic Front (NDF), welcomed the Cataraman withdrawal as a positive step



but expressed the hope it would lead towards "total withdrawal of Australian-funded projects, and indeed of all foreign-financed projects which are being used by the (Marcos) regime to suppress the Filipino people's national and democratic aspirations."

The NDF statement was clearly a veiled threat against a number of other development projects funded mainly by the

U.S., Japan and West Germany. For the people of northern Samar, the most deprived area in the country, the Australian pullout was a sad experience. The aid programme seemed heaven-sent following years of neglect by the national government. Per capita income in Samar is estimated at just over \$100 a year, about a sixth of the country's average.

The Australian project team leader, Mr Lindsay Davison, recalled that when the aid programme began in 1979, northern Samar had little effective infrastructure, hardly any health services, no communications, no electricity, extremely primitive agricultural techniques and almost no government services.

As envisioned by the Australian Development Assistance Bureau (ADAB), the development programme for northern Samar was to run until 1988 at a total cost of \$45m. It is Australia's largest overseas aid project so far, about \$17m has been spent on building essential infrastructure and village necessities, such as power.

The highway network has grown from 10 km of concrete roads when the project started to more than 100 km today. But the most dramatic impact has been in agriculture. Mr Davison noted that

modern techniques introduced by the programme had led to a jump in rice production from only 25 cavans per hectare to about 80 cavans per hectare last year. The yield surpassed the national average of about 70 cavans per hectare.

The Australian ambassador, Mr Roy Fernandez, told local people in a radio broadcast that the aid programme would continue, administered from Manila, but Mr Davison doubted if such a set-up would work. The withdrawal, he said, had meant that the team has not been able to determine whether the project design was a real success.

But the person most concerned about the Australian withdrawal is the area's military commander, Brigadier General Benjamin Cruz, who commands the undermanned 3rd Infantry Brigade. Gen Cruz is worried that without a fairly good road network, Government troops will have difficulty chasing the guerrillas.

Without an effective military presence, Gen Cruz is looking for a boomerang effect, turning the population, which would benefit from the aid programme, against the guerrillas. Only time will tell whether his hope will become a reality.

Indonesia's oil exports fall

By Kieran Cooke in Jakarta

INDONESIA'S latest trade statistics are evidence of the major slow down affecting almost all sectors of the economy. In the first six months of 1985 oil and natural gas exports, which account for more than 70 per cent of foreign exchange earnings were worth \$6.53bn compared with \$8.03bn in the same period last year.

Non-oil and gas exports growth was disappointingly low, rising by only 2 per cent in the

first six months of this year.

Last year Indonesia's non-oil and gas exports went up by more than 17 per cent. Indonesia has been badly hit by falling prices for its commodities: in the first half of this year its rubber exports increased by 1 per cent in volume but decreased by more than 20 per cent in value. Non ferrous metals increased by 46 per cent in volume terms but only by 3 per cent in value.

Nakasone attacks critics of defence spending plan

By Jurek Martin in Tokyo

MR YASUHIRO NAKASONE, Japan's Prime Minister, yesterday discounted suggestions that higher Japanese defence spending was unconstitutional.

In answering questions in the Diet (parliament) for the second successive day, he said that the new medium term defence plan, covering 1986-90, was necessary as part of the defence system, with the U.S., to offer "balance and deterrence" to the escalation of the

Soviet military presence in the region.

Throughout his interrogation by opposition MPs this week, Mr Nakasone has maintained that he considers the new plan to be more important to Japan's security than abiding by the 1976 Cabinet guidelines restricting defence spending to 1 per cent of the gross national product.

While carefully saying, as he had in his opening address to

the Diet session on Tuesday, that he would try and keep within the 1 per cent ceiling, the Prime Minister has argued that the real issue is "how to actually defend this country from possible foreign attack."

The medium term defence plan adopted by the Government in September, gives greater weight to air and maritime defence capabilities. Its proposed hardware acquisitions imply a level of defence

spending of more than one per cent of GNP.

But any extension of the ceiling appears at best temporary.

In his Diet testimony, Mr Nakasone has also been at pains to defend his visits to the Tokyo shrine which honours Japan's war dead and to stress that in no way is he condoning or sponsoring a revival of Japanese militarism.

He specifically appealed for China's "understanding" of this sensitive issue.

Shenzhen opens its doors to critics

By David Dodwell in Shenzhen

ABOUT 200 officials from Peking and elsewhere in China have been invited to visit the country's much-criticised special economic zone in Shenzhen over the next two months.

The invitation forms part of an initiative to answer criticisms that development in the zone has gone awry. Until recently, Shenzhen was held up as a model of how China can open up to trade with and investment from the outside world.

Li Hao, Shenzhen's new mayor, yesterday confirmed that a series of study groups had been invited to the zone. The groups are intended to have finished their work before Gu Mu, the state councillor with a wide range of economic responsibilities, visits the zone in December "to summarise what we have achieved so far, and to give advice on laying out strategy for the future."

Since it was set up in 1979, Shenzhen has been presented both inside and outside China as a model of economic development. From a fishing port of 60,000 just over the border from Hong Kong, it has grown to a high-rise city of 300,000. It was intended as a focus for foreign investment, and a catalyst for economic reform inside China. Its industrial production has grown from yuan 60m in 1979 to yuan 1.8bn (£453m) last year.

Deng Xiaoping, the Chinese leader, recently commented that Shenzhen was no more than an experiment from which lessons could be learned if it failed. More specifically, Chinese newspapers have complained that Shenzhen has flourished on tourist, retail business, and construction activity rather than on the growth of manufacturing industry. Most industry has been producing for the domestic market rather than exports, and few have exploited new technologies, the reports claim.

The invitation for officials to visit the zone is a clear challenge to critics, and a public relations exercise to explain development plans. Visitors will include Zhang Gensheng, the new deputy director of the economic research centre in Peking, and Wang Zuo, the outspoken director of Guangdong's provincial structural reform office. Among other study groups will be bankers, academics, and officials.

Pakistan martial law legitimised

PAKISTAN'S National Assembly has passed a controversial Bill approving President Mohammad Zia ul Haq's eight-year martial law regime and paving the way for an end to army rule. Reuter reports from Islamabad.

The assembly passed the Bill on Wednesday night after the Government and 35 independent deputies agreed on a compromise which limited some of President Zia's powers and increased prospects for the revival of the now-banned political parties.

Rise in India's commercial foreign borrowing forecast

By John Elliott in New Delhi

INDIA'S commercial foreign borrowings are projected by the country's Planning Commission to rise from \$1.2bn a year to an average of \$2bn during the country's new Five Year Plan for 1985-90 which is to be published next month.

This is a bigger increase than was envisaged when the plan was being debated earlier this year but is substantially lower than the estimates of \$5.2bn made six months ago in the World Bank annual report on India.

The increased commercial borrowings will be needed to help bridge a resource gap at a time when international concessional aid is declining. Nevertheless India is determined to keep commercial borrowing as low as possible.

The new forecast forms part of a plan which was described yesterday as "financially sound and bankable" by Dr Mammohan Singh, deputy chairman of the planning commission and a former Governor of the Reserve Bank of India. Dr Singh does not expect the plan to fuel inflation above a current annual rate of about 4 per cent, providing weather conditions are not abnormal and there is no major increase in import prices.

The plan, which has been delayed for some months by lengthy arguments over investment priorities, will go to a meeting of India's National Development Council early next month and will then be published.

Envisaging a continuing 5 per cent annual growth rate in gross domestic product with industry expanding at 8 per cent and agriculture at 4 per cent, it places increased emphasis on improving India's inefficient infrastructure and on boosting employment. Priority is also given to the development of human resources for a population which the commission estimates will grow from 761m this year to 837m in 1991 and 986m by the year 2000.

The private sector is called on to play a larger share in investment for manufacturing industry and mineral development, and to provide Rs 1,400bn (£87.5bn) of investment alongside a total of Rs 1,800bn from the public sector.

Many government ministries have had their proposed plans for public expenditure cut by as much as 50 per cent. They include the electric power budget, which is to concentrate on completing existing projects rather than starting new ones with expenditure of Rs 550bn, well above the Rs 190bn allocated for 1980-85 but only half the amount asked for.

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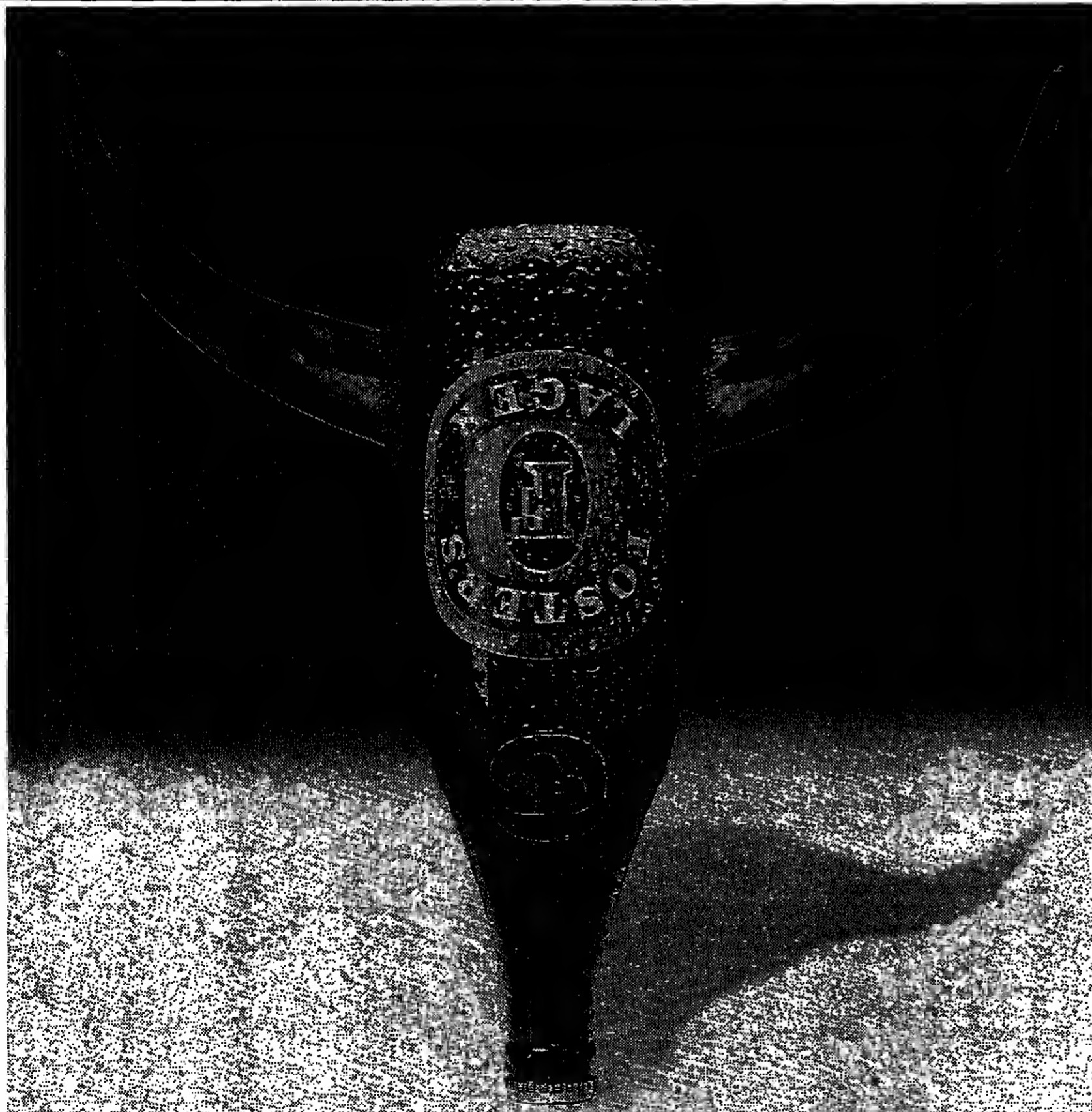
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THE AUSTRALIAN FOR LARGER

AMERICAN NEWS

Move to prevent S.Africa clash gains momentum

BY ROBERT MAUTHNER, DIPLOMATIC CORRESPONDENT, IN NASSAU

THE MOVEMENT to avoid a confrontation between Britain and her Commonwealth partners over South Africa gathered force yesterday with several proposals aimed at giving the Commonwealth a special role in promoting political and racial reform in South Africa.

The controversial issue of what action the 49 Commonwealth members should take to help bring about the end of apartheid and create a genuinely democratic system in South Africa is not expected to be settled at the two-yearly Heads of Government meeting until early next week.

However, the bilateral meetings which Mrs Margaret Thatcher, the Prime Minister, has had since her arrival in Nassau on Wednesday with several key leaders, such as President Kenneth Kaunda of Zambia, Mr Brian Mulroney, the Canadian prime minister, and Mr Bob Hawke, the Australian premier, have revealed a common desire to prevent a clash which would diminish the role the Commonwealth could play in South Africa.

British officials concede that much remains to be done before a compromise could be reached. There has been no movement so far in Mrs Thatcher's categorical rejection of any kind of economic sanctions. But the official stressed there was no disagreement between member countries on the objectives to be attained in South Africa.

Britain was as anxious as other countries that apartheid should be ended quickly and that the black population be granted full democratic rights and freedoms. The disagreement was over the methods to be employed.

Mrs Thatcher considers economic sanctions to be ineffective and counter-productive and wants the Commonwealth countries to take what are being described as "tactical measures" to attain their common objective.

Both Mr Kaunda and Mr Robert Mugabe, the Zimbabwe Prime Minister, have recognised that an agreement on mandatory comprehensive sanctions at the Nassau conference was unrealistic. Mr Kaunda has indicated that he was prepared to look at selective measures, on condition that these were meaningful.

The focus of the debate has now switched to what is being described as a Commonwealth "mechanism" to deal with the South African problem. Mr Hawke is trying to get Britain off the hook by proposing a two-stage procedure under which a special group of officials from Commonwealth countries would be set up to promote a genuine dialogue between the South African government and leaders of the black majority.

If by a certain deadline the efforts of this group to bring about reforms in South Africa do not bear fruit, then the member countries of the Commonwealth will implement selective sanctions agreed in advance, preferably during the present conference.



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U.S. budget deficit battle hots up

BY STEWART FLEMING IN WASHINGTON

"He used to terrorise the House, and now he is terrorising the Senate. He's made the whole place jump to it." Mr Phil Gramm, a Texas Republican, is the driving force behind the balanced budget amendment which sailed through the Senate last week with strong support from both Republicans and Democrats.

The amendment, which is tied to essential legislation to increase the federal Government's debt ceiling to just over \$2 trillion (million million), will be reshaped over the next few weeks by a House/Senate conference committee whose members include some of the most powerful figures in Congress.

There are widespread predictions that the legislation will eventually be approved in some form.

That the principle proponent of the new mechanism for eliminating the \$200bn federal budget deficit by 1991 should be Senator Gramm, has infuriated many Democrats.

House Speaker Thomas F. O'Neill last week "in my opinion is responsible for the mess the nation is in more than any other individual except Mr Reagan."

In 1981 it was the mild-mannered, 43-year-old economist professor, then a Democrat in the House, who led the so-called "boll weevil" conservative Democrats in their support of the newly installed Republican

President's so-called fiscal revolution.

The combination of the non-defence spending cuts the Boll Weevils pushed for, the Reagan Administration's defence build-up and the huge tax reductions enacted that year helped create the problem for which Senator Gramm now says he has the solution.

The Bill which he and Senators Warren Rudman (Republican) and Ernest Hollings (Democrat) have now sponsored amends the current budget process by establishing maximum permissible budget ceilings, beginning in the 1985-86 fiscal year with a figure of \$180bn. In each subsequent year, the President must propose a budget which reduces the deficit by \$36bn until it is eliminated.

But the amendment introduces two new elements into the budget process: resigned as one Congressional budget expert put it, to "legislate some backbone" into a group of politicians who have failed for the past four years to make the tough choices needed to get the deficit down.

One is increased internal discipline within the Congress. The Bill calls for any amendments to budget legislation which increase spending to be linked to specific proposals to make equivalent savings elsewhere, and it insists that Congressional subcommittees stick to budget resolution guidelines.

The most striking innovation, and the one which some top Congressmen, including Senator

Bill Bradley, are saying is probably unconstitutional, is the Bill's proposal to give the President authority to order cuts in Government spending.

If, at the beginning of a new fiscal year, the Office of Management and Budget and the Congressional Budget Office project that the deficit will be more than 5 per cent higher than the mandatory ceiling laid down by the legislation, the President would then be empowered to order spending cuts to eliminate the excess.

The proponents of the new budget process maintain that they are not, in practice, seeking to give the President more power. They argue that the threat of Presidential action if Congress fails to meet the deficit reduction targets, will be enough to preempt such failure.

They point out too that the legislation lays down some specific guidelines on how the President must go about cutting a budget deficit in excess of the Congressionally mandated target. The Senate-passed Bill, for example, excludes social security from spending cuts.

The legislation already contains escape hatches which would, for example, allow the new budget process to be waived if the U.S. was at war or if a recession loomed.

The political appeal of the plan to President Reagan and many right wing Congressional Republicans is evident. They can support the plan because it puts the emphasis on getting

the budget deficit down by cutting government spending.

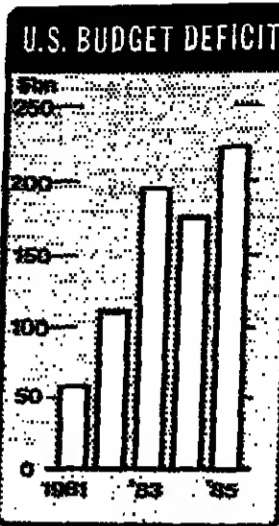
With a mid-term election year approaching and the budget deficit again featuring as a major voter concern, the proposal allows them to present themselves as the party of fiscal responsibility and to highlight the divisions within the rival Democratic party over how to address the deficit issue.

But the fact that so many Senate Democrats have also backed the Bill (it passed by 75 votes to 24 on October 9) underlines just how big a leap in the dark it could be. Some appear to be calculating that the plan could backfire and the White House be forced to cut deeply into defence spending and raise taxes to meet the mandatory deficit targets.

At this stage, with horse-trading at the Congressional conference table only just beginning, it is impossible to predict the result. Sceptics point out that even if the Bill that finally emerges looks tough on the deficit it would be wise to wait and see how it works in practice before assuming that Washington is firmly embarked on the elimination road.

For all those who suspect that the plan will not work, there are others who worry about its impact if it does. What it could do to the economy is one source of concern.

Arbitrary budget deficit targets are scarcely sound foundations on which to base far-



reaching economic policy decisions. Moreover, while it is easy to write into legislation a caveat saying the new process can be suspended when a recession is coming, the practical reality is that economic forecasting is not up to the role it is being asked to play.

The recession, however it is defined, will probably have hit before Washington's economists have plucked up the courage to announce its imminent arrival.

The broader critique of the amendment is that this "meat cleaver" approach to the budget deficit, slashing arbitrarily across Government programmes without carefully defining priorities, is an abdication of political responsibility by all concerned. The worry is that it could fundamentally alter the process of Government in ways which are largely unpredictable.

CARIBBEAN NOTEBOOK

'Relax brother you're walking too fast'

BY OUR DIPLOMATIC CORRESPONDENT

IF BACK home you have been reading about clashes at the Commonwealth Heads of Government meeting in the Bahamas between the Iron Lady and the assembled colts of Britain's former colonies, just sprinkle a pinch of salt on your newspaper.

For a start the conference has hardly begun. But more important, this is the Caribbean, end clashes in temperatures in the mid 90s and 100 per cent humidity tend to be somewhat muted. Even that intrepid warrior, and castigator of all that has even the slightest whiff of post-colonialism about it, Dr Mahathir Muhammad, has had to drop his guard.

In one of the most conciliatory gestures he has probably ever made, the Malaysian Prime Minister said in his opening statement on Wednesday "I cannot help but be soothed by the environment and the gracious hospitality despite my jaundiced view of the Commonwealth." Thank you for coming Dr Mahathir!

Someone who definitely does not have a jaundiced view of the Commonwealth, is Sir Sonny Ramphal, the Guyanese Secretary-General of the Organisation who sounds as if he would rather be the poet Laureate than bear the knight's hood which has been bestowed on his reluctant shoulders, for services to the Commonwealth, and the title which he does not like to use.

"It was here in the Bahamas on the island of San Salvador nearly 500 years ago last Saturday, on October 12, 1492 that Columbus's flagship the Santa Maria, reached the shores of the new World and changed the course of history for new and old," he said in his opening speech. So it wasn't Friday after all as we all thought.

Echoes of that history are all around us in the legends and conquests of piracy and plunder, of imperial wars waged in Caribbean waters, of cotton and sugar plantations of the diaspora, and the scourge of slavery. Shadows of greed and

cruel inhumanities fall across that history, and so on until we come to the task of how the Commonwealth has risen to the challenges of this time and what lessons its history has for dealing with South Africa.

Of course, this is only the tip of the iceberg, if an iceberg ever floated into these balmy waters. Apart from the dominant subject of sanctions against South Africa, the 47 leaders are also going to talk about the world economic situation, terrorism and the security of small states during their six days of meetings. "Most people come to these beautiful islands to play, but we have come to work," Mr Rajiv Gandhi the Indian Prime Minister put it with something less than total conviction.

"Relax brother, this is the Caribbean. You're walking too fast," was the more welcome advice proffered to me by a passer by. Even the "tight security" promised to us by our taxi driver has turned out to be as flexible as a piece of string. After being waved through police check points on the evidence of a simple statement that one was a "member of the press" and being spirited into the main auditorium of the meeting, without a special pass, for the opening session, the word security starts to have a decidedly more friendly ring to it, than back home.

By the time the weekend comes around the tired Heads of Government go to what is called a "retreat" at Lyford Cay where they will be able to continue their labours in more congenial conditions than the spartan atmosphere of the Cable Beach Hotel Conference Centre with its palm French beach, swimming pools, 18-hole golf course, tennis courts and gourmet restaurants.

Will they be able to get through all their work in time, is the question on everybody's lips. In the Bahamas that is a question which may have lost all its meaning by the time the awful moment of judging the final communiqué comes round.

Shultz wins struggle over ABM treaty

BY REGINALD DALE, U.S. EDITOR IN WASHINGTON

THE WHITE HOUSE yesterday conceded that Mr George Shultz, the Secretary of State, had won a key battle with Mr Robert McFarlane, the National Security Adviser, on the sensitive issue of how far the 1972 Anti-Ballistic Missile (ABM) treaty should be seen as constraining Mr Reagan's Star Wars space defence initiative.

It was, however, "sheer fantasy" to suggest that Mr Shultz had had to threaten to resign in order to gain Mr Reagan's support for his position, a White House spokesman insisted. The White House denied, and another by Mr Shultz himself, followed a CBS news report on Wednesday night that Mr Shultz had won the day after "a subtle threat of resignation" was conveyed to the President.

The dispute was resolved largely in Mr Shultz's favour when Mr Reagan ruled that the U.S. would continue to observe a "restrictive interpretation" of the ABM treaty as it presses ahead with the Star Wars programme.

The decision, conveyed by Mr Shultz to Tuesday's Nato ministerial meeting in Brussels, came as a relief to a number

of allied governments which had feared that Washington was about to down treaty restrictions on the development of new space weapons.

Under the "restrictive interpretation" the U.S. accepts treaty provisions banning the testing, development and deployment of new defensive weapons and permitting only research. Mr McFarlane had argued that a separate "agreed statement" attached to the treaty in fact authorises testing and development of "exotic" new weapons such as those involved in the Star Wars programme, as well as research.

There appear, however, to be two important caveats to the "restrictive interpretation" as now adopted. These are that the position may be only temporary and that the McFarlane interpretation, even if it has for the moment been laid aside, is "fully justified." That would still allow the Administration to the reversion to the McFarlane interpretation, which is backed by the Pentagon, when the programme moves more clearly from research to the testing and development phase in a few years time.

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123	3:15 PM	ONTARIO	4 PITTSBURGH
804	3:15 PM	ONTARIO	7 DENVER
380	3:45 PM	ONTARIO	2 TUCSON
117	4:00 PM	ONTARIO	4 CHICAGO
708	4:10 PM	ONTARIO	8 RICHMOND
903	4:15 PM	ONTARIO	18 PHOENIX
931	4:15 PM	ONTARIO	2 SAN ANTONIO



UK NEWS

Nationality plan for Hong Kong

By David Lennon

A WHITE Paper (policy document) outlining plans to prevent a flood of Hong Kong Chinese into Britain after the crown colony reverts to China in 1997 was published yesterday.

Titled the Nationality Provisions of the Hong Kong Act 1985, it proposes a new nationality status for the 3.25m of Hong Kong's 5.5m population who hold British dependent territory passports.

The new designation of "British national overseas" will not be transferable to descendants of Hong Kong residents, except in special cases. It will also continue the existing situation whereby such people are not entitled to reside in Britain.

The main concern of the residents is that if Peking alters conditions in the territory drastically after 1997, they will not have a refuge to which they can flee.

Officials of the crown colony said yesterday that the paper contained "no surprises" but added that they expected a vigorous debate of its provisions in Hong Kong as it goes through the British parliament.

Nationality is a sensitive issue in Hong Kong because Peking regards all ethnic Chinese there as its nationals, regardless of whether they hold a British passport.

That is not the case with 15,000 Indians who live there and who are worried that they might end up stateless after 1997. Britain has promised that they can acquire the status of British overseas citizens, which would give them a travel document, although it would not confer any residence rights in a British territory.

Liverpool acted illegally over dismissals

By Nick Barker and Raymond Hughes

LIVERPOOL city council acted illegally in sending dismissal notices to its teachers and head-teachers, the High Court in London ruled yesterday. Mr Tony Byrne, Labour chairman of the council's finance and strategy committee was quoted as saying: "The council is now insolvent. It is the court's fault - not ours."

Lord Justice Watkins said that the decision to make teachers redundant for three months as a way of "saving" money was "ultra vires". He said that it stemmed from the city's setting of an illegal rate (local property tax), but added that reasons for the court's ruling would be given later.

Until the court's reasons are known it is not possible to be certain how the ruling affects the remainder of Liverpool's 31,000 council employees all of whom were covered by the dismissal decision taken on September 21.

If, as would appear, the ruling is based, at least in part on the illegality of the deficit rate set by the council in July, all of the dismissals will be unlawful. It could also mean that the only way for Liverpool to solve its problems would be to set a new legal rate.

That, lawyers said last night, could be done only after the existing rate had been quashed by the court, which could act only if an application to quash was made to it. No such application has so far been made.

Lord Justice Watkins said that, if a new rate were set, the Environment Secretary might allow the council to borrow.

Liverpool council voted to send out dismissal notices to employees as a way of saving money. In March the council approved a budget of £365m.

Traditional views of bank branches face a challenge

By Terry Povey

SENIOR BANK managers who feel that "if it were not for the customers and the staff, banking would be fantastic" might well want to add bank branches to their list of problems in the future, according to Mr Christopher Batt of Boaz, Allen & Hamilton.

Speaking at the Financial Times Retail Banking Conference yesterday, Mr Batt challenged many traditional viewpoints in an address entitled: "How can a branch system be turned to good effect?"

The performance of the branch system was being undermined by saturation, by demand from customers for more sophisticated services, competition; and by rising costs (including that of new technology). Many bankers feared a profits downturn if the branch system was not overhauled, said Mr Batt.

As to solutions, each market segment had to be appraised - at present, 80-90 per cent of managers did not receive the information needed for this - then given service priorities and an appropriate delivery system. Then the right technology had to be provided and skills boosted so as to improve management style and procedures. That should lead to gains over competition, he said.

A serious difficulty was that banks did not know, or have routinely available to them, information on the "dramatic variation in profits between market segments."

The individual bank had to appraise the type, location and channel through which it was going to provide the range of services decided upon. Economics of scale were important but not endless and had to be seen in strict cost terms - for example, non-interest operating costs as a percentage of deposits. That applied to individual products as well as branches.

Even the look of the branch would have to change radically, said Mr Batt. Bricks and mortar and the classic big back office separated by a heavy glass screen/counter would have to go and be replaced by a more open-plan scheme. He saw the bank of the future with, glass on the outside and the cash dispenser machines on the inside - for fear the customer would never enter at all.

Annual technology costs were bound to rise. The average large European bank spent 11 per cent of total operating costs on technology, some high-tech banks were spending 18-23 per cent. That suggested that in the future the performance of banks would vary widely. That factor, accompanied with deregulation, might see a "fundamental restructuring of banking over the next 15 years," he said.

Only when priorities were clarified could the process of upgrading human and technical resources be commenced. Then the training bill would rise steeply and shift in content from the narrower technical banking skills to more general and selling skills.

"As banks tend to copy each other over new technology, it would be wrong to expect this to boost market share. What should happen is that costs should fall because of new technology," he concluded.

From Dr John Enters, general manager of the Algemene Bank Nederland (ABN), came a picture of what the Dutch customer wants from a bank and what the banks provide.

With a bank for every 1,400 of the population and, on average, two savings accounts for each man, woman and child, the Netherlands seemed a textbook case of over-banking behind the protective wall of a motherly central bank.

The Netherlands had so many banks that the automatic telling

machine (ATM) had yet to make an appearance, said Dr Enters.

The speaker reported on several surveys of what the customer wanted and expected from a bank. ABN has established a data base on its users.

The surveys show that customers desire reliability, fair treatment on interest rates, fast and accurate processing of transactions, adequate opening hours, and easy-to-use services.

Two demands of the Dutch customer that drew some laughter from the conference delegates were that the gap between bank loan



charges and interest paid on savings accounts should not be too large - and that "banks should leave their customers alone as much as possible."

ABN is going for glass-fronted, "open banks" in its drive to win market share and to get the customer inside the building, once the first ATM's are installed, said Dr Enters.

Dr Hans Voegeli, executive vice-president of the Bank J. Vontobel, a private bank, made an appeal to delegates not to forget his sector. The "high net worth individual" (occasionally called "rich") needed and liked the personal services of such institutions.

Private banks should be small with highly professional and discrete staff. Clients should be expected to stop around but Dr Voegeli's own bank's best advertisement was the weakness of others.

If the right entrepreneurial thinking existed in the employees of a private bank, then "the sky is the limit," concluded Dr Voegeli.

Mr Graham Jones, a partner in Pent, Marwick, Mitchell, spoke in favour of improved management accounting. While not a precise science, that should be seen as "not about debts and credits, green eyes-shades of 'associated' men in dark suits at high-top desks, but about strategic and marketing dilemmas which senior bank officers face continuously."

As a word to the wise, he added: "In an increasingly consumer-oriented society, a freer market can incite more external regulation. Good management information is essential to enable us collectively to forestall it or, if it happens, abide by it."

Mr Anthony Grayser, head of International House Govett, spoke on the potential for new groupings in the financial services field. He contended that the groupings already established "have in no case been formed to take immediate, direct, new initiatives in the retail field. Certainly, if they have, they are presently keeping awfully quiet about it."

Deregulation in London was seeing the creation of the broker-dealer, U.S. investment banks were attracted by the opportunity to make markets and deal in UK securities without having to use a UK broker or jobber. They would want to build up their own teams or acquire them, which ever was cheaper.

UK merchant and commercial banks saw the opportunity to acquire a whole new range of products.

Whitehall aid helps to boost innovation

Financial Times Reporter

GOVERNMENT initiatives have greatly helped the introduction of advanced manufacturing technology (AMT) in the UK, according to a report published today.

Whitehall assistance for innovation has trebled in real terms since 1978. This support has already resulted in new capital investment of about £200m.

The report says, however, that industry must change many of its practices and attitudes if it is to benefit fully from the advantages offered by robots, flexible manufacturing systems and computerised machine tools.

Mr Michael Shortland, a robotics consultant, says in the study published by Jordan & Sons that companies should:

- Be prepared to accept longer pay-back periods. "Advanced manufacturing technology investment cannot always be justified by conventional financial analysis which does not pick up advantages beyond direct cost savings."

- Expect machine tools to have a shorter working life. British companies use their tools about 50 per cent longer than those in Japan;

- Aim for shorter delivery times. These are becoming essential and companies not adopting AMT will find it increasingly difficult to compete on price, delivery and quality;

- Co-ordinate manufacturing facilities with all other sales, finance and marketing processes.

The survey forecasts that the world market for AMT will be worth £300bn by 1990, of which about 3 per cent will be spent in the UK.

Advanced Manufacturing Technology, Jordan & Sons, Jordan House, Brunswick Place, London N1 6EZ, 0253.

Steep rise in wine prices forecast

FINANCIAL TIMES REPORTER

THE PRICE of many wines from Europe will rise steeply in UK outlets next year because of the near-disastrous harvest in many parts of France, West Germany and East European countries.

Wine shippers in Britain said yesterday that Chablis, Champagne and Alsace all suffered severe frost damage. The harvest from those areas, as well as from northern Burgundy and some parts of the Loire, would produce small vintage,

Colman's of Norwich, one of Britain's leading wine shippers, said.

In the bulk wine-producing regions of Rhone, Charente and Midi, prospects for red wine were said to be encouraging, with average yields, but white wine quantities were likely to be lower than usual.

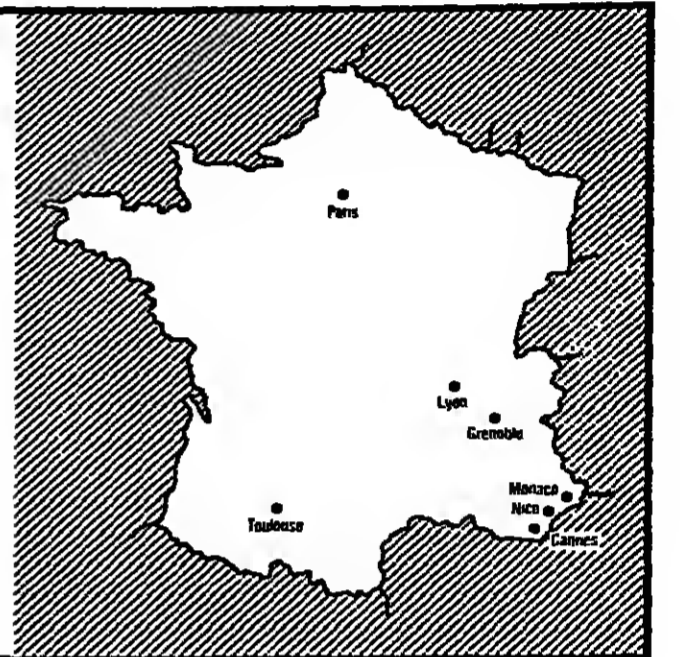
"The shortage of some quality white wines from France must inevitably place extra pressure on stocks from other white wine areas and prices will rise," Colman's said.

German vineyards "suffered appalling early frost damage," with the Mosel river freezing for the first time for 25 years. That would inevitably affect prices of Liebfraumilch. Latest estimates are for a total German harvest of up to 650m litres - well below the average of 900m litres. Hungary has reported a smaller vintage than average, which "will probably lead to substantial price increases."

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UK NEWS - BANKERS AT THE MANSION HOUSE

Centralised regulation sought

By John Moore,
City Correspondent

THE REGULATION of dealings in securities should be arranged so that the same securities are supervised in the same location, said Sir Nicholas Goodison, chairman of the Stock Exchange at the dinner last night.

"Ideally we would achieve this by having all the business in UK securities transacted within the future membership of the Stock Exchange, which implies admitting new members, and I would welcome this solution."

There were moves this week by the international securities dealers in London to set up their own regulatory organisation outside the Stock Exchange. The Stock Exchange is worried that the development could lead to fragmentation of the central market in securities.

Sir Nicholas said: "There is a real problem here which must not be allowed to become a matter of great adversarial comment. Regulatory efficiency based on consistent standards is one of the prime reasons for maintaining a centralised market."

He said that if the new overall regulatory arrangements for the City were to raise the cost of capital to British business, to weaken the regulatory authority of the Stock Exchange or to pull its standards down in competition with other regulatory bodies, it would be a very perverse result indeed.

Legislation for the regulation of the financial community, which is to be introduced in parliament this year, "will rightly place obligations on a lot of businesses outside the Stock Exchange which in the past have not in effect been regulated at all."

"But this does not mean that a lot of new self regulatory organisations are necessary. It seems to me that there are virtues in arranging for the largest possible number of businesses to be members of the smallest possible number of self-regulatory organisations."

Sir Nicholas argued that consistency of standards would be better achieved and those responsible for doing the regulatory work would find it simpler to do a thorough job.

"To divide responsibility for example for an activity as homogeneous as securities dealing in the same securities in the same centre between different self-regulatory organisations would be a recipe for unco-ordinated and inefficient, in other words bad, regulation."

He said that he was not opposed to people whose business had not been regulated before "getting together voluntarily in appropriate new self-regulatory organisations and raising standards."

Lawson rejects call for measures to aid industry

BY PHILIP STEPHENS

MR NIGEL LAWSON, the Chancellor of the Exchequer, yesterday firmly rejected a House of Lords select committee call for special measures to aid Britain's manufacturing industry.

In his speech at the Mansion House, Mr Lawson insisted that the Government would stick with its policy of trying to create the conditions in which all sectors of the economy could thrive.

The Chancellor's speech had three central themes: the danger of protectionism and the outlook for the world economy following the agreement by the Group of Five major industrial nations in New York last month; the rapid changes in London's financial markets and what they mean for monetary policy; and the outlook for the British economy.

His first comments, however, were reserved for the House of Lords reports published earlier this week which warned of an irretrievable decline in Britain's manufacturing industry unless the Government took urgent action.

He said: "The Government's policy is to create the conditions in which business can thrive and prosper — manufacturers and non-manufacturers alike. And anyone who fails to recognise that British industry as a whole, for all its problems, is in a healthier state today than it was six years ago is simply not living in the real world."

"The Government therefore wholly rejects the mixture of special pleading dressed up as analysis and assertion masquerading as evidence which leads the committee to its doom-laden conclusion."

"We equally reject its principal remedy — that British manufacturing industry should be protected by a cocoon of subsidies — particularly at a time when the rising threat of protectionism of one kind or another throughout the globe represents the gravest single threat for world prosperity and employment."

Turning to the world economy, Mr Lawson said that the first priority had been to resist protectionist legislation.

"The U.S. administration is as firmly convinced of this as we are and is determined to fight against proposals in Congress for protectionist legislation," he said.

"But we recognised that words were not enough. We acknowledged that while there is a limit to what can be achieved by concerted intervention on the foreign exchange markets, we were not impotent; and that we should therefore, acting together, lose no time in helping to bring about an orderly depreciation of the dollar against the other major currencies."

"In the last four weeks a useful start has been made on this



The Lord Mayor of London, Sir Alan Traill, flanked by Nigel Lawson and Sir Robin Leigh-Pemberton last night

essential process of adjustment. And let me emphasise that the agreement is still firmly in place."

The Chancellor acknowledged, however, that there was more to do. "The U.S. had begun to tackle the fundamental problem of its fiscal deficit, but further progress was clearly needed."

Japan needed to do more to open up its economy, especially the financial markets. The measures the Japanese authorities had already announced were greatly welcomed. But they needed to be implemented and made effective without delay.

Recognition of the need to halt the protectionist tide had also been at the centre of discussions at the meetings of the IMF and World Bank in Seoul.

"Our overriding aim is to maintain a free trading and financial system at home and abroad. A free market system brings benefits for all. The more regulations we can remove, the more liberal we can make our trading practices, the better off we shall all be."

The same considerations applied to Britain's domestic markets, and not least to financial markets, Mr Lawson said. "London's market position can never be taken for granted. The City has remained pre-eminent in international banking precisely because it has always struggled for dominance."

He said that the Financial Services Bill would provide the necessary legislative framework for the regulation of the securities markets.

"We have prepared a modern

framework for the building societies. The Building Societies Bill will come before the House of Commons very shortly. "And we have now begun the process of consultation leading in due course to a replacement for the 1973 Banking Act which has proved to be deficient in some important respects."

The Government's guiding principles, he said, were clear. "Effective and well-operated supervision is an essential element of London's competitive advantage. It must offer reasonable protection for individual depositors and investors. And it must also preserve the stability and integrity of the system as a whole."

The Government would also build on the City's proven ability to devise and run its own self-regulating mechanisms. "But we cannot ignore overlap between markets."

Mr Lawson said that the Johnson Matthey Bankers affair had drawn attention to certain inadequacies in the system of banking supervision. The Government proposed to end the two-tier system of regulation, which assumed that those institutions able to call themselves banks required less rigorous system of supervision.

It would also strengthen the mechanism of co-operation between the supervisors and banks auditors. "Liberalisation and structural change affect financial indicators in a variety of ways. Boundaries of the banking system become blurred as banks and securities houses merge. Longstanding distinctions between different financial assets

have become less precise. "Inevitably the growth rates and significance of the various measures of money supply have been affected. This has, rightly, been reflected in changes in the way in which we interpret signals from the different financial indicators."

Liberalisation and innovation had made that process more complicated. What had not changed, however, Mr Lawson insisted was the essence of policy. The Government continued to attach the highest priority to the maintenance of sound financial conditions. The aim of monetary policy was to ensure sustained and steady downward pressure on inflation. That could only be secured by delivering an appropriate growth of money GDP over the medium term.

"But to achieve this, it remains operationally necessary to conduct monetary policy through the use of intermediate targets — taking account of relevant information such as the behaviour of the exchange rate — rather than by attempting to target money GDP directly."

The Chancellor said that the growth of the wider money supply measure, Sterling M3, had been affected by structural changes. Broad money measures the liquidity of the economy. An excessive build up of liquidity supplies a store of purchasing power that can be translated into spending and provides a boost to the growth of money GDP and hence to inflation.

"In monitoring the growth of broad money it is important to gauge the extent to which the

private sector genuinely wants to build up its liquidity on a permanent basis. That inevitably involves an element of judgment.

"In retrospect it is now clear that we have persistently underestimated the strength of this demand."

"We are maintaining progress towards our inflation objective while Sterling M3 is growing at a rate well above the top of the range set in this year's Budget Statement. To try to bring it back within the range which, with the benefit of hindsight, was clearly set too low, would imply a tightening of policy which the evidence of other indicators of financial conditions tells us is not warranted."

The other good and early guide to changing financial conditions was the exchange rate. When signals from the various measures of money became difficult to interpret, the exchange rate inevitably assumed an increased weight in monetary policy decisions.

It had a direct impact on the price level and on inflationary expectations. Sharp movements tended to coincide with changes in the market's perception of monetary ease or stringency. "Large swings in any case cannot be ignored. The present level of the exchange rate is close to the average level of the past two and a half years."

The Chancellor said that the approach he had outlined to the assessment of monetary conditions also had implications for the conduct of funding policy.

The purpose of funding was to ensure that the Budget deficit was financed in a non-inflationary way.

"But in practice, short-term consideration came to make overriding almost a way of life. And that cannot make sense. It introduces distortions into the financial markets — not least rapidly growing bill mountains — which are undesirable in themselves and can make policy harder to operate."

"Accordingly, we are no longer seeking to control the recorded growth of Sterling M3 by systematically overfunding. Should it at any time become desirable to tighten monetary conditions, that would be achieved — and there be no doubt about this — by bringing about a rise in short-term interest rates. The objective of funding policy is to fund the PSBR over the year as a whole: no more, no less. And that we are doing."

The acid test of monetary policy, however, was its record in reducing inflation. "The objective of monetary policy is to fund the PSBR over the year as a whole: no more, no less. And that we are doing."

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'Deposits offset monetary growth'

By Clive Webber

THE HIGH rates of growth in the broader monetary aggregates over the last few years had not fuelled inflation because there had been a corresponding upsurge in the use of bank deposits. Mr Robin Leigh-Pemberton, governor of the Bank of England, said at the dinner last night.

The higher than expected growth in the sterling M3 measure of broad money and the associated decline in the velocity of circulation of broad money had been going on for at least the last four years.

"I cannot pretend we fully understand the reasons for it," he identified several possible causes. One was that the fall in inflation and high real interest rates over the last few years had made money, particularly interest-bearing money, a more attractive asset to hold than it was in the 1970s.

Also, the launch by the banks of high interest-bearing accounts which competed directly with building society accounts had attracted more retail deposits into the banking system which showed up directly in the figures for M3.

At the same time, building societies had started to rely less on their retail deposits, which were not included in M3, and more on wholesale money market funding. Also, they had switched some of their liquid assets out of government securities and into bank deposits which were included in M3.

Mr Leigh-Pemberton identified other reasons for not taking the growth in M3 "at its face value" over recent years.

● The measures of narrow money, M0 and M2, had been growing relatively slowly.

● Inflation "looks set to continue falling well into next year" and industrial input prices were actually lower than they were a year ago.

● Real interest rates remained high.

● The exchange rate was relatively firm.

● Forecasts for business activity did not suggest inflationary pressures.

"We have therefore felt justified in overlooking the present corresponding more emphasis on other indicators, particularly the exchange rate."

However, he said, it would be extremely dangerous to ignore the behaviour of broad money or the build-up of liquidity in the economy. The current upward drift in earnings and unit labour costs, which could threaten the growth in output and employment, highlighted these dangers.

Tories oversee GDP growth but decline in manufacturing

THE CHARTS illustrate the background to the speech by Mr Nigel Lawson, the Chancellor of the Exchequer yesterday.

Since 1979, when the Conservative Government first came to power Britain's output has grown by an average of about 0.75 per cent per year. Since the end of the deep recession of 1980 and 1981 the pace of activity has picked up sharply.

The average figure since 1979 hides a growth of about 3 per cent in the economy seen in each of the past three years. Manufacturing output, however, has remained relatively sluggish and the burst of growth seen in 1983 appears to have slowed in recent months.

The failure of manufacturing to recover fully from the trauma of 1980 is a key factor in the steady rise in unemployment to its recent levels. Although the rate of job losses in manufacturing has slowed, 20 companies are still shedding between 3,000 and 5,000 workers each month.

Lawson's £8,000 new jobs have been generated over the past two years, in service industries and in self-employment, but that has not been enough to match the growth in the labour force.

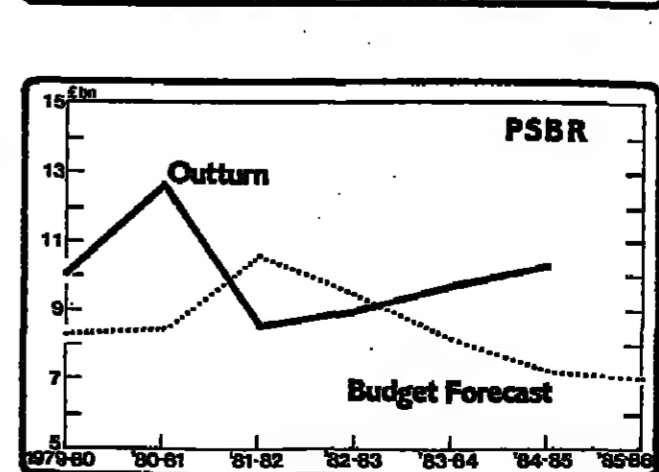
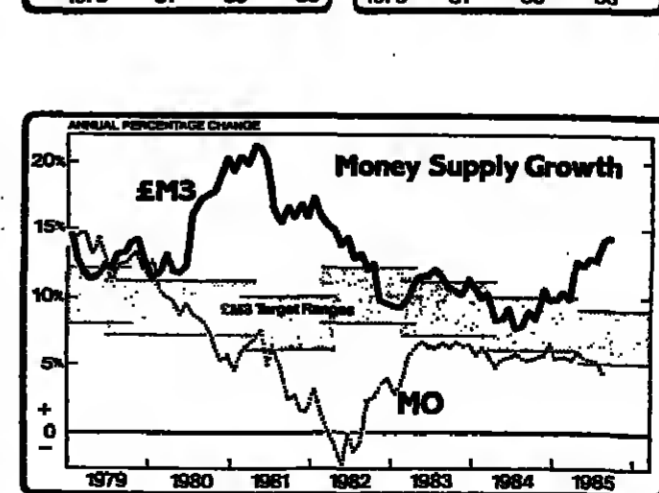
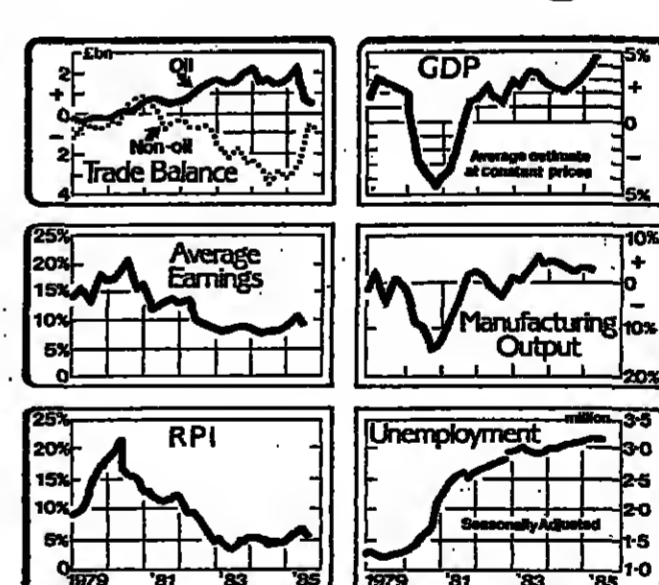
The Government's good inflation record — notwithstanding the upward 'blip' in the retail price index this year — contrasts starkly with its ability to keep sterling M3, the broad money supply measure, within its official target ranges.

While the rate of price increases has come down steadily since 1980, sterling M3 has spent most of the time above the top of the ranges set by the Government in successive budgets.

Mr Lawson said yesterday that the overshoots reflected the major structural changes in the economy which have followed deregulation and freer competition in financial markets.

The Government's record on public borrowing has also not been quite as good as its inflation forecasts, with the public sector borrowing requirement consistently overshooting its budget target.

Borrowing as a percentage of gross domestic product, however, has fallen steadily.



Lloyd's deals firmly with past problems

By John Moore,
City Correspondent

THE LLOYD'S insurance market had spent the past three years in erecting a modern system of self-regulation, Mr Peter Miller, chairman of Lloyd's, said at the dinner last night.

The system, he said, was designed to provide that measure of protection which members of Lloyd's had the right to seek in what was essentially a risk business.

While Lloyd's was using the new disciplinary powers granted to the market by an Act of Parliament of 1983 "to deal firmly with the problems of the past, the market was looking forward with confidence to the future."

Mr Miller said that the premium income volume of Lloyd's had doubled in the past three years. The number of members of Lloyd's continued to grow apace.

Lloyd's share of world insurance trade is growing at over 20 per cent compound a year against the world average of between 5 per cent and 7 per cent.

"Our contribution to invisible trade is almost 50th per annum," he said. Lloyd's policy of insurance, one of the financially strongest policies in the world, he said, "continues to be widely sought after by would-be policyholders drawn from

Call for team to promote trade

A TRADE promotion team of industrialists, financiers and representatives of government should be established and meet regularly at Mansion House to boost Britain's trade, Sir Alan Traill, the Lord Mayor of London, told the dinner last night.

One of the major problems we face in fulfilling our ultimate potential is the tendency, for our government departments, the banking and financial institutions and industry to operate in rather self-contained cocoons. Thus there is a lack of appreciation or understanding of the actions of one group on the others," said Sir Alan.

He said that plans to start a trade promotion team would go beyond his year of office but he had consulted carefully with his successor who would sustain the impetus of such meetings.

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Unlikely perhaps, but then certainly logical that the private sector could be asked to play a direct role (rather than indirect, via taxation) in supporting those not required to work.

And, of course, to handle the complex administration as well as payment of unemployment and related social security welfare benefits.

At the same time, the shape of the labour market and the factors influencing it are changing dramatically. Unemployment continues to rise, automated production methods grow apace, and schemes like job-sharing become more and more common.

Perhaps most significantly of all, the overall trend is away from a labour-intensive economy to a knowledge-based economy.

All in all, the organisation of work and the part it plays in human life will become far more flexible, more complex and more demanding in the future.

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UK NEWS

North Sea
boost for
company
returns

REAL RETURNS for UK companies rose last year to the highest level since 1984. For all industrial and commercial companies, the net rate of return on capital employed climbed to 11.6 per cent, from 9.4 per cent in 1983, writes George Graham.

Rates of return began to climb in 1982, according to national accounts statistics published by the Central Statistical Office. During the mid-1970s, returns sank as low as 5.6 per cent of capital employed.

Last year's apparently high returns are largely the result of increasingly buoyant profits earned on North Sea activities. If North Sea oil exploration and production activities were excluded, net returns on capital reached only 8.5 per cent.

Although the figure is higher than in 1983, it is still below the return of about 7 per cent in 1977-78, at the peak of the last profits cycle. It is also well below the 10-12 per cent level achieved by UK companies in the 1960s.

Manufacturing companies also achieved a net return on capital of nearly 6.5 per cent. That is the highest level achieved by the sector since 1973.

Gross rates of return on capital, which do not allow for depreciation of fixed assets, remain lower than net returns. If all industrial and commercial companies are considered.

ROCKWARE Group, one of the UK's largest glass bottle producers, yesterday outlined plans for increased diversification away from declining glass-container markets.

Mr Frank Davies, chief executive, said the company was aiming to make greater use of its manufacturing and distribution resources in other ways, through collaboration and acquisition.

Rockware Reclamation, part of the group, was becoming involved in aluminium beverage can recycling after the success of its glass-recycling scheme through bottle banks. Rockware will become involved in other forms of recycling such as in finding ways of producing higher-quality end products from used plastic and glass.

It is also likely to become involved in the disposal of hazardous material, including asbestos and low-grade nuclear waste. Glass technology could be used in this activity.

A CALL to the motor industry to keep down costs was made by Mr Norman Tebbit, chairman of the Conservative Party, at the opening of the Motorfair in London. He said that all the signs were that Britain had a strong future in motor manufacturing, but it was necessary to maintain the downward pressure on overmanning and unit labour costs.

"It does not necessarily mean fewer jobs but, as we have seen at Jaguar, it can be more jobs, so long as they are productive," he said.

Running into trouble
on Bangkok's buses

NIGHTMARISH stories abound of how competing international contractors have fought protracted battles to secure large orders from the Government of Thailand. But few have been more nightmarish, or have had such a confused ending - if ending it be - as the bid by the Leyland-led British consortium to revamp Bangkok's ailing, debt-ridden public bus system.

Tuesday's decision by the Thai Cabinet not to proceed with the \$385m (\$544m) project has suddenly disrupted the consortium's 22-month effort to win what would have been one of Britain's biggest-ever manufacturing export orders.

The consortium, which links Leyland Bus, subsidiary of state-owned B.L., with the National Bus Company and MVA Consultants, still has hopes of salvaging something - even, it believes, the full contract if it is reading the picture correctly.

Mr Paul Channon, the British Trade Minister who is in Bangkok for talks between EEC and Asean economic affairs ministers, has insisted that the Leyland project has indeed been rejected, but he has added that Thailand is anxious to consider alternative, more modest solutions.

He was speaking after meeting Mr Samak Sundaravej, the Thai Communications Minister, whose department is responsible for the project. According to Mr Channon, Mr Samak still wants to stay in touch with Leyland on the matter.

Leyland's view is that the door to the full project is still not fully closed. It has specific concessions to offer on points raised by Thailand concerning the project, and it questions the weight given to the principal reason offered for the Cabinet's supposed rejection - namely that the project is so expensive it would add unacceptably to the country's external debt of about \$12bn.

If this view is proved wrong, Leyland has a fall-back position to offer the Thai before it considers the op-

At least 3% of
workforce have
'moonlight' job

BY PHILIP STEPHENS

AT LEAST 750,000 people in Britain - 3 per cent of those employed - are thought to have more than one job, according to a study by the Manpower Services Commission (MSC).

The analysis, published yesterday in the MSC's Quarterly Labour Market Report, suggests that these second jobs are usually part-time, often involving less than 10 hours a week and generating an average income of only £20 per week.

The results are based on evidence from two official surveys, the annual Labour Force Survey in each of the past three years and the General Household Survey, conducted in 1981.

The MSC admits that the conclusions are not flawless.

There are inconsistencies in the question asked in the two surveys and the results may have been distorted by the apparent reluctance of individuals to admit to holding a second job.

It argues, that the available data probably underestimates the number of "moonlighters" in the economy.

The study says that two thirds of those with two jobs work fewer than 10 hours a week in their second job, while less than 5 per cent work more than 30 hours.

Self-employment accounts for 35 per cent of second jobs - a proportion three times greater than for main jobs. Most second jobs held by men are in management, administration and in making or repairing metal and electrical goods.

In contrast, more than two thirds of second jobs held by women are in welfare and health work, the clerical and catering professions and in cleaning, hairdressing and other personal services.

Among different age groups, moonlighting is highest among those aged between 25 and 49, although for women the highest rate is among those aged between 25 and 34.

In separate figures, the Quarterly Report also reveals a sharp increase in the number of people out of work for more than three years: up from 353,000 in 1984 to 490,000 by April of this year.

UK rejects claims
of offshore oil bias

BY MARK MEREDITH

BRITAIN HAS rejected claims from the U.S. that its plans to promote offshore technology will discriminate against American companies.

A number of U.S. supply companies, including Bactell, have complained that the policy would hurt their chances under the present ninth round of oil exploration.

Their objections come as the Government has identified for support "UK-controlled companies" involved in high-technology offshore projects generated by demands of oil and gas development.

The newly reconstituted Offshore Energy Technology Board (OTB), which brings together Government and British industry, is to guide research money into areas where Britain has or can develop a capability on the basis of its North Sea experience. The board wants companies with equipment and services to export as Britain's offshore reserves decline.

Mr Alick Buchanan-Smith, Minister of State for Energy, said in Aberdeen this week after a meeting of the board that it was reasonable for any country to want to develop its own industry. "I shall be very happy when the Americans give the same access to their markets as American oil companies have had to our markets."

"No country has been given such an opportunity as America has had in the development of our re-

sources," Mr Buchanan-Smith said. Britain welcomed U.S. technology, expertise and enterprise, but the technology was to be "anchored in the UK."

The objectives of the OTB respond to a long-standing demand for backing from British companies struggling to compete in a market dominated by U.S. companies.

So far the Government pursuit of "full and fair" opportunities for British companies has included the UK subsidisation of U.S. companies which have helped to bring in some of the original offshore expertise.

The implementation of the new policy backing offshore technology will clearly not direct support towards those subsidiaries.

According to government figures, about £140m is at present being spent on offshore research and development, most of it on new technology. The role of the new board is to look for sectors where research funds committed from oil companies can be directed.

Those might include areas such as sub-sea inspection systems, like remote-controlled vehicles, or computerised control and instrumentation systems, where British companies have made some headway.

Some industrialists in Aberdeen say the slackening of the U.S. onshore oil market has made some companies in need of cash ready to sell their operations in the UK.

One-union
deals
'should be
welcomed'By Philip Bassett,
Labour Correspondent

SINGLE-UNION agreements, possibly leading to "no-strike" clauses and longer-term pay deals, should be welcomed and should have wider application, Dr James McFarlane, director-general of the Engineering Employers' Federation, said yesterday.

Dr McFarlane - addressing the Institute of Personnel Management conference in Harrogate - said that single-union deals "could in time exercise a profound effect on British industrial relations culture" by acting as an alternative to the system of ad hoc compromises which made up traditional industrial relations culture.

At present such deals were probably only generally obtainable in plants in underdeveloped areas, but "the single-union agreement must surely become the logical norm - and not just achieved where they are set up by foreign owners or away from traditional industrial centres," he said.

Such deals would not come easily in existing establishments where traditional inter-union and staff rivalries - and traditional management attitudes - remained significant.

Dr McFarlane said that the great merit of such deals was not only that they provided a rational system of collective bargaining, free from historical rivalries and competition. They also enabled an employer to select a moderate and progressive-minded union with which he can agree to operate from the outset an industrial-relations culture embracing different aspects - employee involvement, harmonisation and flexibility of labour.

Elections prompt bitter campaign
in London insurance market

IN THE next few weeks, one of the most unusual annual elections in the City of London will reach a climax. The Lloyd's insurance market, the City's unique commercial club, is holding a poll for places on its ruling council.

In the three years that the elections have been taking place in their present form, some of the most vigorous and bitter campaigns have been fought in the market for seats on the council. This year is no exception.

A Dutch banker, a U.S. insurance broker, a Member of the European Parliament, the founder of Underwoods, the British chemist retailing chain, a theatrical impresario, the chairman of confectionery company Trebor, a Canadian investment dealer and a venture capitalist are fighting for two places available on the council.

In the first week of November, when the poll takes place, they will know how successful their efforts have been.

Until 1982 Lloyd's was governed by a committee of 16. Those elected were drawn from the working members of the market - the insurance brokers and underwriters. The great power houses at Lloyd's were represented on the committee and the leading families of Lloyd's.

In theory it was possible for underwriting members who do not work in Lloyd's - who at present number 21,000 - to seek places on the committee. But they were largely unaware of the opportunity to do so and were never encouraged by the working members, who number 5,000.

The 21,000 outside members of Lloyd's - or external members as they are known - pledge the entirety of their wealth, along with the other members of the market, to allow Lloyd's to function. They are in effect "investors" who receive a share of the profits in return for pledging their private wealth.

After a review of the regulatory

John Moore reports on tension and
suspicion at Lloyd's as the City of
London's unique club for the wealthy
prepares to elect its ruling council

systems of Lloyd's in the late 1970s by Sir Henry Fisher, a former High Court judge, Lloyd's sought a new Act of Parliament to implement a range of constitutional and regulatory reforms.

The system of government was changed at Lloyd's. A ruling council has replaced the committee as the governing body. The outside members now have a recognised statutory right under Lloyd's private legislation to have their own representatives on a ruling council, which was formed to extend the representation of the membership.

Yet the new structure still gives a majority representation to the working members of the market, who are entitled to 16 seats. The external members are entitled to eight seats on the council. Another three individuals unconnected with the Lloyd's market are proposed for election by the council members and their appointments are approved by the Governor of the Bank of England.

In addition, there is an outside chief executive, Mr Ian Hay Davison, who serves on the council as deputy chairman.

In the voting arrangements, which permits voting by post, Lloyd's has split its membership into two electorates for the purpose of the poll. Working members may vote only for working members of Lloyd's to the council while the external members may only vote for other external candidates. The two classes of Lloyd's membership cannot vote for candidates from different electorates.

The articles had been planned well in advance of the election period. Although the motivation for the publication of the articles appeared innocent, it upset other candidates who felt that it amounted to an official endorsement of Mr Kulukundis during the election period.

In an effort to curb the influence of the underwriting agents in the elections last year, the Association of Lloyd's Members, which is seeking to protect the interests of all

members, decided to organise its own "slate" of candidates who it considered to be "worthy of support."

That incensed the market so much that this year the association has adopted a lower profile in the campaign and has not publicly sponsored candidates.

So far in the new-style Lloyd's elections, no overseas member has succeeded in gaining seats. Lloyd's membership includes 4,100 overseas members with about half that number based in the U.S.

Some working members of the market argue that overseas markets are already sufficiently represented on the council. There is the odd working member whose firm is owned by a large U.S. insurance broking group.

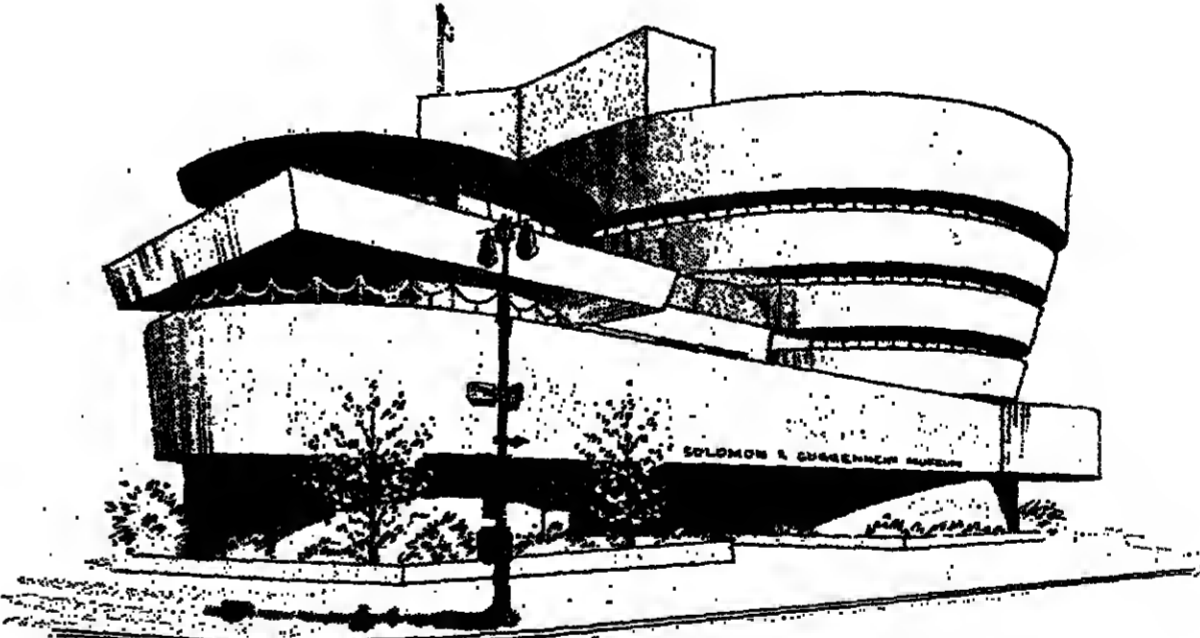
The smart money in Lloyd's, however, is on the election of Mr Kulukundis and Mr Woolf. Mr Kulukundis' affairs at Lloyd's are managed by the family company of Mr Peter Miller, the present chairman of Lloyd's, who is himself seeking re-election to the council.

Mr Woolf's affairs are managed by the family company of a former deputy chairman of Lloyd's. Both have strong support.

The candidates are: Working members (four seats available) - Mr Peter Miller, chairman of Lloyd's; Mr Gordon Hutton; Sir Francis Dashwood; Mr John Greig; Viscount Chelmsford; Mr Richard Hazell and Mr Michael Wade.

External members (two seats available) - Mr John de Courcy Ling, Member of the European Parliament; Mr Dennis Fredjohn, venture capitalist; Mr Phil C. Gallagher, U.S. insurance broker; Mr John Van der Hagen, Dutch banker; Mr Derek Hannaford, Canadian investment dealer; Mr Eddie Kulukundis, shipbroker and theatrical impresario; Mr John Marks, chairman of Trebor Group, and Mr Harold Woolf, founder of Underwoods, the chemist.

MAN'S LANDMARKS



Guggenheim Museum

NEW YORK

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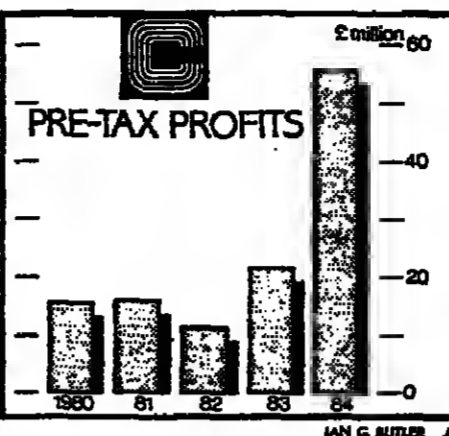
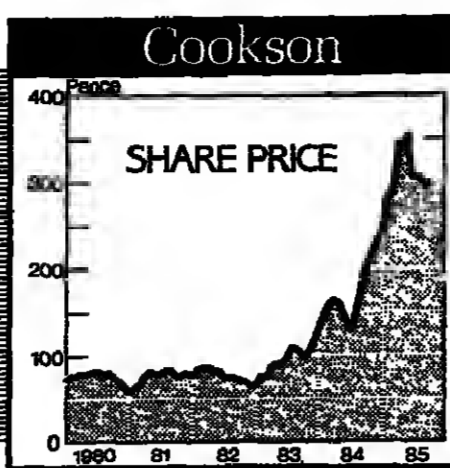
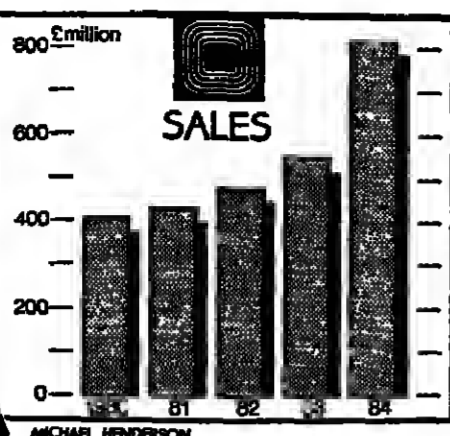
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THE MANAGEMENT PAGE

EDITED BY CHRISTOPHER LORENZ



The rise and rise of a niche marketer

Tony Jackson explains the consolidation strategy of Cookson, the UK-based industrial chemicals group

AT FIRST glance, the Cookson Group looks like a pocket version of the recent history of British industry: the profits peak in 1979, the slump in 1980-82, and the recovery in the last two years. But it is the scale of the recovery that makes Cookson extraordinary. Profits over the last two years have shot up by a factor of five, and are now well over double the 1979 level when the pre-tax figure was £20.3m.

In fact, Cookson will have no truck with the notion that its fall and rise was merely the effect of the business cycle. The profits setback of 1980-82, say chairman Ian Butler and managing director Michael Henderson, represented stage two of a three-stage strategy which Cookson initiated before the recession was even thought of. Following that strategy involves grasping the nature of Cookson itself. Even by the standards of industrial conglomerates, Cookson—which uses such recalcitrant raw materials as rutile, ilmenite and zircon, and whose end products range from lithographic plates to pewter tankards and pottery kilns—is not an easy company to understand.

"We have something like 60 strategic business units," says Henderson. "In around 25-30 of them, we're market leaders in small niches worldwide. In antimony oxide for flame retardants, zircon opacifiers for the tile industry, electronic solders and flow solder machinery, we're the world's biggest."

"We love to find a £50m market which is growing and which we can dominate by technology. Once we've found the niches, we establish our companies—by acquisition if necessary—as number one or two servicing those industries."

Back in 1978, though, Cook-

son—then called Lead Industries—suffered from one major restriction. It was solidly established in the UK and the markets of the former British Empire but had no presence in the U.S.

The main reason for this, says Ian Butler, consisted of just one company—U.S. group National Lead, the exact counterpart of Lead Industries across the Atlantic. "They had a grip on their market," Butler says. "They were in everything we were—lead, antimony, paint, zircon, titanium dioxide, die-casting—and they were bigger."

But when National Lead had a change in top management, Butler went over to see them. "The new top man was from the oil industry," Butler recalls, "and he wanted to expand the oil-related businesses which NL already had, and get rid of the rest. Some of the things we wanted weren't on their list, and vice versa, but we ended up with a deal. The FT at the time described it as a job lot, but in among it were the bits we wanted."

Another key U.S. acquisition at that time was brass and pewter business A. J. Oster, a family firm with Richard Oster at its head. "I met him one evening in late 1978," Henderson says, "to talk about a possible joint venture. We spent only an hour on the subject before realising there was so much affinity—his desire to work on a wider stage, our desire to expand in North America—that by the end of the evening we had struck a deal. That was the most crucial of all our acquisitions: ever since, Richard has been our main source of ideas on U.S. opportunities."

That acquisitive phase, from

1978-80, was stage one of the Cookson plan. Stage two was a good deal nastier, and not at all as expected.

With exemplary financial prudence, Cookson had financed its U.S. acquisitions in dollars, with the result that balance sheet gearing in the U.S. was much higher than in the rest of the group. When the U.S. went into recession, real interest rates rose to 10 per cent. As Ian Butler says, with a degree of understatement, "if you're 75 per cent geared in a business which you're new to running, covering 10 per cent real interest charges isn't easy."

This was not the only miscalculation. In several of its UK plants, Cookson had invested heavily in the late 1970s for an increase in demand which never materialised. "We'd all been living in an era of worldwide growth and moderate inflation," says Butler. "In those days, if you built a plant two years too soon, it was 20 per cent cheaper by the time the business finally arrived. It made possible a more casual approach to investment."

Cookson was therefore galvanised into a drive to cut costs. Not only in the UK, either. "Some of the plants in the U.S. were hugely overmanned," Butler says. "We cut the workforce proportionally more than we did in the UK. But that took time. Coming from Europe, we were slow to realise how much more scope there was for laying off over there."

Towards the end of 1982, there was a clear feeling at Cookson—or Lead Industries, as it still was—that it was time to go back on to the offensive. The first step was largely symbolic, but psychologically important.

"None of us had our hearts in changing the image of a company called Lead Industries," says Henderson. "But we did a survey of the top 300 companies in the UK and found that 70 per cent of them had a proper name in their title. We settled for Cookson because the Cookson Lead and Antimony Company was the oldest of our constituents, dating back to 1704. But my rationale was that if I could come up with a damn name I didn't give a damn what it was."

At the same time, Cookson was becoming conscious of shortcomings in its strategic planning—an unsurprisingly tricky process in such a hugely diverse group.

"We always had our own planning methods," Ian Butler says, "but they were very decentralised. Our managers had a lot of planning experience, but not enough comparative background on whether their individual methods could be improved."

So Cookson wheeled in management consultants Arthur D. Little. The brief, Butler says, was twofold—to give better planning tools to line management, and to give head office better means of comparing companies in different businesses.

"Bringing in people like ADL is largely a question of buying management time," Butler says. "I don't give them the credit for our transformation—we didn't like some of their recommendations, and they didn't like some of the things we persisted in doing—but it was money well spent in achieving clarity of thinking in a shorter time."

By 1984 Cookson was ready to hit the acquisitions trail again. The result has been a flurry of purchases which are best exemplified by a couple

of individual cases.

First, in January 1984, came Alpha Metals. "We had always had our eye on Alpha," says Michael Henderson. "It had a clear lead in electronic solders in the U.S., where we also had a minor position with our subsidiary Fry's Metals. It was a private company, which Thomas Tilling had snapped up for an enormous price."

"The moment BTR took over Tilling we contacted them, and we had a deal in principle within six weeks. We paid £56.5m for the U.S. and European side, and took an option—which we've since exercised—on the Hong Kong business. It was a super deal for us—we made profits of \$6.7m on the U.S. and European businesses from the very start. "The City could never understand why BTR would want to sell. But with all the things they had on their hands, they decided to listen to our argument that two and two made five."

Cookson's most recent acquisition is Frank Horrell, a lithographic plate maker bought for £40m just as it was about to acquire a stock market listing. Michael Henderson explains the logic.

"Our subsidiary Fry's Metals supplies 100 per cent of Fleet Street's hot metal for its printing presses. We do a milk run around the newspaper offices every morning, collect the antimonial lead alloy used for the previous night's edition, melt it down and deliver it back the same evening."

"But that's a dying business, and the main replacement for it is lithographic plates. That's a business dominated round the world by half a dozen companies—Howson (the Vickers subsidiary) and Horrell in the UK, Kalle in Germany, Polychrome

and Fuji in Japan, and Eastman Kodak and SM in the U.S.

"It's a super business in comparatively few hands, and it's just the kind of market we like. In the UK, the market for the plates themselves is worth say £85m, and the chemicals to go with them are worth another £12m. So there we have our £97m market, and through Horrell we're number two with a 25 per cent share."

The last couple of years have seen disposals as well as acquisitions. In particular, last November saw the sale of Goodlass Wall, makers of Valspar paint, to the Swedish group for up to £15m.

"That was a very emotional decision for us," says Henderson. "Goodlass Wall used to be the group name, before we were Lead Industries. But it does show how we've changed over the last five years. We noticed Becker's unsuccessful bid for Donald Macpherson, which showed me they wanted a UK paint investment and that they had the money. So I contacted them, and the deal went through."

For a group of its size—its stock market value is presently around £360m—Cookson plainly has a remarkable nimbleness and entrepreneurial flair. Sadly, though, it is clear that that flair is being progressively less focused on operations in Britain.

"We don't want to disinvest from the UK," Ian Butler says. "We need UK profits to service our dividends. But when it comes to capital expenditure in this country, we need products which are potentially in demand here, or products which are economical to export with an attractive export market. If we have neither of these, we have to think very carefully about UK capital spending."

Technology sets a payroll poser

BY RICHARD EVANS

THE FLOOD of Government regulations in recent years affecting methods of paying wages and salaries has made life complicated for Britain's payroll managers and staff. In pre-computer days any significant change in the assessment of pay, involving National Insurance or Pay As You Earn for example, had to be introduced slowly and carefully. Now changes are expected to be introduced within weeks.

The difficulties of coping with the increased tempo of change, and the frequently conflicting interpretations of what new regulations mean, has led to the setting up of a new professional body, the British Payroll Managers Association. It will hold its inaugural meeting in London in January.

One of the most fraught areas has been the data protection legislation, passed last year and being introduced in stages. All computer users who hold information about individuals in their systems will have six months to register as a precautionary measure.

Further discussions on the new body will take place next week at a two-day seminar for payroll managers in London organised by Peterborough Software, a leading UK supplier of payroll,

personnel and pensions software.

About 150 managers will be attending the seminar, one of a series of courses Peterborough has been arranging to keep its customers, and others, up to date with the fast moving scene.

Tony Bewes, the company's marketing director, comments: "The Government is taking advantage of the fact that computers can implement change more and more quickly, but payroll managers are having to answer more and more questions from staff, and better guidelines are needed."

The planned objectives of the new body are:

- To promote higher professional standards in payroll management.
- To provide a professionally recognised body, which can represent the views of its members and subsequently influence financial and employment legislation.
- To identify the training requirements of today's officers and arrange the appropriate facilities.
- To encourage both a national and regional exchange of information and ideas and offer an advisory service on all aspects of payroll.

Business courses

Improving manufacturing performance, Birmingham, November 25-26. Fee: £225.50. Details from Miss J. E. Van Wykes, Seminar Division, Crown Eagle Communications, Vernon House, Sicilian Avenue, London WC1A 2QT. Tel: 01-242 4111. Telex: 896827TACS G/Ref 1202.

Japanese management training techniques, Cambridge, November 27. Fee: £25 plus VAT. Details from Tracey Johnston, Employment Relations, 62 Hills Road, Cambridge CB3 3TE. Tel: 0223 315944.

Choosing and using management consultants, Brunel, November 28-29. Fee: £325. Details from the secretary, Management Programme, Brunel University, Uxbridge, 42280.

Middlesex UBS 3PH. Tel: 0896 56461. Ext 215.

The SBI, Europe and Industry, London, November 4-5. Fee: £747.50. Details from the Financial Times Conference Organisation, Minister House, Arthur Street, London EC4A 9AX. Tel: 01-621 1355. Telex: 27347 FTCONF G.

Marketing for researchers, Banbury, November 27-28. Fee: members of Market Research Society, £245; non-members, £245. Details from The Market Research Society, 15 Belgrave Square, London SW1X 8PF.

Industrial marketing management, Bradford, December 1-6. Fee: £780. Details from the course secretary, University of Bradford Management Centre, Hoston Mount, Keighley Road, Bradford BD9 4JU. Telex: 51309 UNIBRD G. Tel: 0274 42390.



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BIOTECHNOLOGY

A £15m landmark for Porton

By David Fishlock, Science Editor



Dr Z. Harsanyi of Porton (left), Prof Jack Melling of CAMR, Mr W. G. Hayden-Baillie, chairman of Porton and Prof Tony Atkinson of CAMR

A £15m biotechnology production plant is to be built on Porton Down near Salisbury as part of a unique relationship between the public and private sectors.

Behind the project stands a public sector laboratory which has proved unusually fertile in biotechnology ideas which, if exploited energetically, are expected to find markets worldwide. They include new drugs, chemicals and process technology.

The plant has been designed by the Centre for Applied Microbiology and Research (CAMR), part of the Public Health Laboratory Service. It will be funded and owned by a private company, Porton International, which has guaranteed that up to one-third of its capacity should remain available to CAMR — for at least 50 years.

The plant will be making biotechnology products developed at CAMR, for which Porton has an exclusive licence in return for a 10 per cent royalty.

Prof Tony Atkinson, director of the microbial technology laboratory at CAMR, which is largest of the 50-odd labs in the Public Health Laboratory Service and the principal beneficiary of the new plant, says his 100 staff will sacrifice no freedom as scientists under the agreement with Porton. "I can see any major problems," Porton already has its own staff working in his laboratory but paid by the company, and working either on CAMR projects or Porton-sponsored programmes.

For CAMR scientists, the exciting thing is that their ideas stand a real chance of being exploited "by one of the fastest-response companies I have ever met," Prof Atkinson says.

CAMR has been given an unusually commercial brief. It is required to "maximise" its commercial income, with the target of adding 45 per cent from contract research and royalties to its income from the state. But the Government provided launch aid in various forms, including £5m for a vaccine production centre, nearing completion on the site.

What was still missing was the ability to respond very swiftly to commercial opportunities in a market which has been developing apace with the advent of "genetic engineering" and other new biotechnologies.

By 1982-83, according to Prof Atkinson, his staff were growing extremely frustrated by the obstacles impeding commercial exploitation of ideas they had

developed could be world-beaters. A new biotechnology company with substantial City backing then made an offer to provide the commercial flexibility and finance in exchange for exclusive rights to CAMR's discoveries and technology. The company, which was modelled on an earlier high-technology success in electro-optics called Watslam, shared the same chairman, Mr Wendy Hayden-Baillie, and managing director, Mr Tony Gover.

The company saw CAMR as a ferment of novel ideas, hampered by a slow-response bureaucratic machine. It also recognised that the name Porton, despite its domestic connotations, was deeply respected in overseas markets, especially the U.S. and Japan. The company, which had already forged commercial links with CAMR in 1983, last year registered itself as Porton International, based in London and Washington.

DHSS officials, however, were wary of making the total commitment Porton was seeking. Negotiations continued for nearly two years, during which the DHSS virtually invited better-known British biotechnology groups—ICI, Glaxo, Wellcome etc.—to match Porton's offer.

The outcome was a written parliamentary answer in April, when the Social Services Secretary told MPs that CAMR had entered into an agreement with Porton International to handle the marketing and distribution of CAMR products and processes. It also gave Porton the right to exploit CAMR's name in marketing—the single most valuable marketing point," as one Porton executive sees it.

In July, it was announced that CAMR and Porton had agreed to construct and operate

a new fermentation production plant, funded wholly by Porton but with up to one-third of its capacity for public health R and D.

This second agreement provides Porton with designs on which Professor Atkinson's team has worked for five years, and has spent about £2m. It will replace a plant in operation since the 1950s—and with a fermenter that goes back to the 1930s.

For Porton, it will provide production capacity as far ahead as it can see. "We intend to construct the most advanced plant of its kind in the world," one executive claims. CAMR will provide some of the staff to manage and service the plant. Others will be on the Porton payroll, including Dr Andy Pickett, director of fermentation, who is already heading a group in Professor Atkinson's laboratory.

The portfolio of new CAMR products includes its genetically engineered variant of tissue plasminogen activator, believed to improve the digestion of blood clots that cause problems in cardio-vascular disease.

Another product is Protein A, a genetically engineered protein with several potential medical diagnostic and process uses, which is currently so scarce that its market value is put at about \$2m per kilogram. Two CAMR laboratories, those of Professor Atkinson and Professor Jack Melling, who heads the vaccine research and production laboratory, have a share in Protein A.

Prof Melling's laboratory is also working on another Porton project, dating from 1983, when it persuaded Birmingham University to keep its herpes vaccine and therapy in Britain instead of licensing it to Cyanamid.

His 70-odd scientists see the commercial side of CAMR as a way of protecting their own independence and freedom to do the research which excites them. He argues that CAMR must be protected against any risk that too much emphasis on earning commercial returns will dry up its ideas.

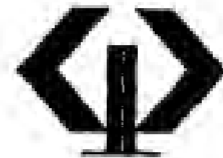
When CAMR was first committed to a quasi-commercial future by the Labour Government of the late-1970s, the watchword was to "optimise" its returns, says Mr Charles Stevens, the Public Health Laboratory Service executive who negotiated the contract with Porton. He defines it as meaning "if it's convenient to sell, let it go."

Under the Conservative Government the brief was amplified to "maximise" returns, meaning "all you can get," he says. That opened the door to Porton International.

But it also encouraged other British pharmaceutical companies—which knew of CAMR's skills—to try to buy it outright. However, some of the research-based companies wanted to bring it within their own research divisions, with no guarantee that its work would be immune to reorganisation and budget constraints.

For Porton with no central research, the biggest attraction of CAMR lay in its independence, and the company's freedom to choose from CAMR's portfolio what it wished to exploit. CAMR has become in effect a central laboratory for Porton, but one which remains part of a public service whose first duty is to improve the health of the nation. Public health is not always synonymous with profits for a pharmaceutical company.

This announcement appears as a matter of record only.



CANADIAN IMPERIAL BANK OF COMMERCE

(A Canadian Chartered Bank)

Canadian \$75,000,000

10¾% Deposit Notes due October 1, 1990

CIBC Limited

Commerzbank Aktiengesellschaft

Dresdner Bank Aktiengesellschaft

Hambros Bank Limited

Merrill Lynch Capital Markets

Salomon Brothers International Limited

Swiss Bank Corporation International Limited

Wood Gundy Inc.

Dominion Securities Pitfield Limited

Goldman Sachs International Corp.

IBJ International Limited

Orion Royal Bank Limited

Société Générale

Union Bank of Switzerland (Securities) Limited

Algemene Bank Nederland N.V.

Bank Brussel Lambert S.A.

Banque Internationale à Luxembourg S.A.

Bayerische Vereinsbank Aktiengesellschaft

Crédit Commercial de France

First Interstate Capital Markets Limited

Girozentrale und Bank der österreichischen Sparkassen Aktiengesellschaft

McLeod Young Weir Limited

Morgan Stanley International

Nomura International Limited

S. G. Warburg & Co. Ltd.

September 1985

NOTICE TO SHAREHOLDERS

REPUBLIC HOLDING S.A. LUXEMBOURG

(Formerly TRADE DEVELOPMENT BANK HOLDING S.A.)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Shareholders of Republic Holding S.A. ("RH") will be held at l'Hôtel le Royal, 12 Boulevard Royal, Luxembourg, on October 29, 1985, at 2.30 p.m.

for the purpose of considering and voting on the following matters:

- 1 Decision to put Republic Holding S.A. in liquidation.
- 2 Appointment of Messrs. Jean Hoes, Roger Jumod, C. G. Rodney Leach and Walter H. Weiner as Liquidators of Republic Holding S.A., each of them acting severally and individually.
- 3 Approval of the Liquidation Plan submitted by the Board of Directors.
- 4 Decision to maintain the Statutory Auditors' appointment in order to report on the Company's 1985 accounts to the Shareholders meeting to which the 1985 Financial Statements will be submitted for approval.
- 5 Miscellaneous.

By order of the Board,
Edmond J. Saffra,
Chairman

NOTES

Any shareholder whose shares are in bearer form and who wishes to attend the Extraordinary General Meeting must produce a depositary receipt or present his share certificates to gain admission.

If he wishes to be represented at the meeting, he must lodge a proxy, duly completed, together with a depositary receipt at the registered office of RH at 13 Boulevard de la Fuirie, Luxembourg, not later than October 28, 1985 at 5 p.m. The shareholder may obtain the depositary receipt and if required, the form of proxy, from any of the banks listed below by lodging his share certificates at their office or by arranging for the bank by whom his certificates are held to notify any of the banks listed that shares are so held.

Any shareholder whose shares are registered will receive a notice of the Extraordinary General Meeting at his address on the register, together with a form of proxy for use at the meeting. The proxy should be lodged at RH's office in accordance with the above instructions. The remittance of the form of proxy will not preclude

a shareholder from attending in person and voting at the meeting if he so desires. The resolution concerning item 1 of the agenda requires a majority of at least two-thirds of the votes of the shareholders present or represented, provided there is a quorum of at least fifty per cent of issued share capital. There is no limitation as to the number of shares for which any shareholder or proxy may cast votes. The resolutions concerning items 2 to 5 of the agenda may be passed by a simple majority provided that no single shareholder or proxy may cast votes in respect of more than one-fifth of the issued share capital or more than two-fifths of all shares represented at the meeting. Shareholders may obtain copies of the documentation listed hereunder:

- 1 This notice
- 2 Statement of Mr Edmond J. Saffra, Chairman of the Board and Liquidation Plan of the company.
- 3 Information statement on Republic New York Corporation at the registered office and from any of the banks at the following addresses:

- Manufacturers Hanover Limited
8 Princess Street, London EC2P 2EN (England)
- Banque Internationale à Luxembourg S.A.
3 Boulevard Royal, Luxembourg (Luxembourg)
- Manufacturers Hanover Bank Belgium
13 Rue de Ligne, 1000 Brussels (Belgium)
- Manufacturers Hanover Banque Nordique
20 Rue de la Ville-Évêque, 75008 Paris (France)
- Manufacturers Hanover Trust Company
Bockenheimer Landstrasse 51/53, Frankfurt (W. Germany)
- Manufacturers Hanover Trust Company
40 Wall Street, New York, N.Y. 10015 (U.S.A.)
- Republic National Bank of New York
455 Fifth Avenue, New York, N.Y. 10018 (U.S.A.)

- Republic National Bank of New York
46 Berkeley Square, London W1X 5DE (England)
- Republic National Bank of New York (Luxembourg) S.A.
105 Grand Rue, 1051 Luxembourg (Luxembourg)
- Republic National Bank of New York (France) S.A.
20 Place Vendôme, 75001 Paris (France)
- Trade Development Bank
30 Monument Street, London EC3R 8LN (England)
- Trade Development Bank (Luxembourg) S.A.
34 Avenue de la Porte Neuve, Luxembourg (Luxembourg)
- Trade Development Bank
96-98 Rue du Rhône, 1204 Geneva (Switzerland)
- Trade Development Bank
25 Corso S. Gottardo, 8830 Chiasso (Switzerland)
- Paying Agent of Republic Holding S.A.

180 litres of asses' milk: The makings of a beautiful express delivery.



Eurapid is the European express system par excellence which is (already) completely at home in nine countries: Austria, Belgium, the Federal Republic of Germany, France, Great Britain, Ireland, Luxembourg, the Netherlands and Switzerland.

Eurapid transports everything, with very few exceptions. From door to door. With guaranteed running times and tariffs in which everything – and we mean everything – is

included. As well as a reassuring transport insurance. Eurapid doesn't only handle drums dextrously. Boxes and bundles also get rolling without delay.

EURAPID
Express par excellence

Birmingham: Overall, Sutton Coldfield; Tel. 021/351 7474. Bristol: Gentransco, Avonmouth; Tel. 0272/829 188. Glasgow: Overall, Paisley; Tel. 041/889 0616. London: Overall, Southend-on-Sea; Tel. 0702/549 245. Manchester: Overall, Trafford Park; Tel. 061/848 7981.

Anyone who asks why the new Peugeot is being made in Britain should be sent to Coventry.

A walk round our Ryton plant in Coventry will soon give them the answer.

Since 1981, productivity at Ryton has increased by over 50%. How many other car manufacturers in Britain can equal that?

The same is true for quality. Over the last four years the standard of cars built at Ryton has improved to the point where now they regularly top the European quality league for the Peugeot Group.

So our decision to invest and build our new family hatchback, the Peugeot 309, in Britain wasn't just an easy one, it was an obvious one.

BETTER PEOPLE BUILD BETTER CARS.

Improvements like these in productivity and quality don't just happen. It's not simply a case of investing in better machinery and watching better cars roll off the assembly line. Everyone in the



company, at every level, is determined to build more and better cars.

Fine words, but the evidence is there to back them up.

Our increased productivity is a matter of record. Our concern for quality can be seen in the new test track we've built at Ryton.

Every single car is carefully test driven before it leaves the plant. No other volume car manufacturer in Britain is prepared to do that.

And finally because we do all work together as a team, production losses caused by industrial action have almost disappeared.

WHAT'S THE FUTURE FOR PEUGEOT CARS IN BRITAIN?

The new Peugeot 309 is just the start. The Peugeot Group, one of Europe's largest car manufacturers, has the plans and the resources to build on the successes of the Ryton plant and make Britain a key base for building a whole range of future Peugeot models.

PEUGEOT

THE LION GOES FROM STRENGTH
TO STRENGTH.



PEUGEOT TALBOT INTERNATIONAL HOUSE, P.O. BOX 712, RICKENHILL
LANE, MARSTON GREEN, BIRMINGHAM B37 7YZ. TELEPHONE 021 779 6666.

A high-contrast, black and white illustration of a large, winged creature, possibly a dragon or a large bat, perched on a branch. The creature has a large, textured wing and a long, pointed snout. The background is dark and textured.

COLT
THE ESSENTIAL ELEMENT.
Colt International Limited, Havant, Hants.

A TENFOLD INCREASE IN PRODUCT QUALITY EVERY FIVE YEARS. IS IT POSSIBLE?

It certainly is. In fact, we've made it an ongoing, worldwide company goal. This resolution is just one part of a long-term, all inclusive programme that enables us to compete successfully with electronics suppliers from every part of the world.

And the results have been heartening.

One of the highest tributes a customer can pay a supplier is product "certification." When a product is certified, it is deemed to be of such high quality that incoming shipments do not have to be inspected.

In France, our plants are certified by some of the leading car makers of Europe for ignition systems and automotive bridges. We build modules at our automotive and industrial electronics facility in Angers, and components are produced at our semiconductor plant in Toulouse.

At Taunusstein, Germany, where we produce pagers, two-way radios and base stations, customers submitting product performance review cards reported a satisfaction rate of 99.74%.

At our semiconductor facility in East Kilbride, Scotland, Motorola's already high level of quality improved by a factor of ten during the last four years! And, we now have customers who register zero defects at their incoming inspection.

We are proud of the progress we have made in terms of programmes, equipment and methods, but, after all, it is the people of Motorola who make them work. No quality control programme can ever succeed without a genuine appreciation of the importance of high quality goods in the marketplace, by the people who make that product.

But perhaps the ultimate answer to the question posed at the start is this:

It is not only possible, but with today's level of worldwide competition, it is also imperative.

Worldwide, Motorola is a £4.7 billion electronics company doing business on five continents. We number 100 thousand people, and we share a deep dedication to the service of our customers in voice and data communication, computers, semiconductors and components for defence, aerospace, automotive and industrial electronics.



MOTOROLA A World Leader in Electronics.

This advertisement is issued in compliance with the requirements of the Council of The Stock Exchange.

18th October, 1985

Security Pacific Australia Limited

(Incorporated with limited liability in the Australian Capital Territory in Australia)

A\$50,000,000

14 per cent. Guaranteed Notes due 1988

Unconditionally guaranteed as to payment of principal and interest by



Security Pacific Corporation

(Incorporated with limited liability in the State of Delaware, U.S.A.)

Issue Price 100%+

The following have agreed to subscribe or procure subscribers for the above Notes:

Orion Royal Bank Limited

Commerzbank Aktiengesellschaft

Security Pacific Limited

Algemene Bank Nederland N.V.

Banque Bruxelles Lambert S.A.

Banque Paribas Capital Markets

Berliner Handels- und Frankfurter Bank

Daiwa Europe Limited

Generale Bank

Grindlay Brant & Co. Limited

Rabobank Nederland

Shearson Lehman Brothers International

Sumitomo Trust International Limited

S. G. Warburg & Co. Ltd.

Westdeutsche Landesbank Girozentrale

Application has been made to the Council of The Stock Exchange in London for Notes in the denomination of A\$1,000 constituting the above issue to be admitted to the Official List, subject only to the issue of the temporary Global Note. Interest is payable annually in arrears on 29th October in each year, beginning on 29th October, 1986. Listing Particulars are available in the Extel Statistical Service and may be obtained during normal business hours up to and including 22nd October, 1985 from the Company Announcements Office of The Stock Exchange and up to and including 31st October, 1985 from:

Security Pacific National Bank,
London branch,
2 Arundel Street,
London WC2R 3DF

Hoare Govett Limited,
Heron House,
319-325 High Holborn,
London WC1V 7TB

INTL. COMPANIES & FINANCE

Sappi and Saan move to restructure assets

BY JIM JONES IN JOHANNESBURG

MOVES to restructure assets in South Africa's paper and publishing industries have been set in motion with separate plans announced by Sappi and by South African Associated Newspapers (Saan), which have both incurred mounting losses.

Sappi, which is one of the country's two principal pulp and paper manufacturers, has sold its effective 39.2 per cent interest in Carlton Paper, the issue converter, to Gencor for R40.9m (\$14.9m). Gencor, South Africa's second largest mining group, owns 60 per cent of Sappi.

Carlton is managed by Kimberly-Clark of the U.S., which is to retain its indirectly held stake, also of 39.2 per cent. Sappi said that management of Carlton will continue to be vested in Kimberly-Clark.

Mr Eugene van As, managing director, said Sappi's recent development and growth had increased borrowings, and funds could be put to better use in reducing debt while interest rates remain high. Sappi recently commissioned the R1.55bn expansion of its Ngodwana and Enstra pulp and paper mills and, at the end of June, had long-term debt of R838m.

That was reduced in July by a R200m issue of preference shares.

In the six months to June, net interest payments of R66.2m exceeded Sappi's first-half operating income of R56.3m. The half-year resulted in an attributable after-tax loss of R20m.

Saan, the English language newspaper group, suffered an interim pre-tax operating loss of R6.8m in the six months to

June, largely because of a R5.6m loss by the Rand Daily Mail (RDM), which ceased publication on April 30.

Saan has agreed to rationalise the printing of its Johannesburg daily and Sunday newspapers with those of Argus, the other English language newspaper group.

Mr John King, Saan's managing director, said the joint printing and distribution venture would reduce costs, as the Saan and Argus newspapers could be printed on five presses rather than the seven currently used.

Saan is negotiating the sale of two of its presses, though Mr King declined to comment on Johannesburg speculation that they were to be sold in Australia.

Joint printing of the two groups' Cape Town newspapers is also under investigation.

GM to lift stake in Isuzu Motors

By Carla Rapoport in Tokyo

GENERAL MOTORS of the U.S. plans to increase its stake in Isuzu Motors, the Japanese motor group, through the conversion of part of a \$300m convertible bond it purchased three years ago.

A GM official in Tokyo yesterday confirmed that it will convert \$100m of the convertible bond, raising its stake in the Japanese motor group from 34.2 per cent to 38.6 per cent. Isuzu and GM's links include Isuzu's exports of passenger cars to GM, in addition to its own U.S. exports.

GM officials denied that the presence of Mr Roger Smith, GM's chairman, in Tokyo yesterday had anything to do with the conversion of the bond. Japanese newspapers reported that Mr Smith had been seen at Tokyo financial institutions on the possibility of acquiring more than 50 per cent of Isuzu. Both companies denied the reports.

ElsCint to restate results for two years

By Our Financial Staff

ELSCINT, the Israeli maker of medical imaging equipment, which said in July for the year to March, is to restate its results for that and the previous year. It said it would exclude from the fees and prevailing values of certain interest-free loans. Some \$2.55m was credited from these for the 1983 year and \$8.54m for the year before. The respective periods originally produced net losses of \$31.8m and profits of \$12.6m.

Premier Group to make R100m preferred issue

By Our Johannesburg Correspondent

PREMIER GROUP, one of South Africa's largest diversified consumer products groups, is to raise R100m (\$38.4m) through an issue of preferred shares.

Proceeds from the offer, for which terms are still to be disclosed, will be used to reduce the group's debt.

In its year to March Premier increased turnover by 12.8 per cent to R2.32bn and trading profits before interest and tax by 11.3 per cent to R141.4m.

However, interest-bearing debt increased

National Bank of Canada to absorb Mercantile

BY BERNARD SIMON IN TORONTO

NATIONAL BANK of Canada is to absorb Montreal-based Mercantile Bank, the institution weakened in recent weeks by a sudden withdrawal of deposits.

The two banks said that holders of each Mercantile preferred share will receive one National Bank share. Mercantile common shares will be exchanged for 2m common and 2m second preferred shares in the enlarged National Bank.

Citibank of New York currently holds 24.2 per cent of Mercantile's shares.

National common shares traded at \$20 on the Toronto Stock Exchange. The redemp-

tion value of the second preferred shares will be determined after "certain evaluations and adjustments" are completed.

The merger will expand National's asset base to C\$21.5bn (US\$15.6bn) by about 20 per cent and will give it wider geographical spread outside Quebec, where about 85 per cent of its business is currently centred. National is Canada's sixth largest banking group.

The takeover is likely to help restore confidence in Canadian financial markets following the collapse of two Alberta banks last month and Mercantile's recent problems.

LTV reduces operating losses in third quarter

BY OUR FINANCIAL STAFF

LTV, the U.S. steel and aerospace group that merged with Republic Steel in July 1984, has reported operating losses for the third quarter of 1985, with the deficit down from \$79.8m a year earlier to \$57.5m.

After a \$38m extraordinary gain on a debt exchange, the final net loss emerged at \$19.5m in the latest quarter. This takes the net loss for the first nine months to \$648.2m, reflecting heavy write-downs of steel assets earlier in the year.

Total sales rose from \$5.04bn to \$6.13bn in the first nine months, but slipped from \$2.05bn to \$2.02bn in the latest quarter.

Steel shipments in the latest quarter were 2.62m tons, against 2.46m a year earlier. LTV said that while markets remained generally weak, its loss from steel operations fell from \$85.4m in the 1984 quarter to \$24.9m.

Demand for flat rolled products remained strong, but profitability was affected by intensive price pressures.

In contrast income from aerospace and defence operations jumped 42 per cent to \$46.5m from \$32.8m a year ago, reflecting increased earnings from several military and commercial programmes.

CORRECTION NOTICE



AB Svensk Exportkredit

(Swedish Export Credit Corporation)
US\$150,000,000 Floating Rate Notes Due 1990
The interest rate and coupon amount for the period 18th April, 1985 to 23rd October, 1985 published on 26th September, 1985 were incorrect.
The interest rate should be 8.4744 per annum with a coupon amount of US\$442.55 per US\$100,000 Note, payable on 23rd October, 1985.
BANKERS TRUST COMPANY LONDON
FISCAL AGENT

This announcement appears as a matter of record only



MEDIOCREDITO LOMBARDO

S.Fr 25,372,500

FLOATING RATE LOAN

MANAGED AND PROVIDED BY

BCI LIMITED
CANADIAN IMPERIAL BANK OF COMMERCE (INTERNATIONAL) S.A., Paris
NATIONAL WESTMINSTER BANK GROUP
LONDON INTERSTATE BANK LIMITED
NATIONAL AUSTRALIA BANK LIMITED

AGENT

BCI LIMITED, London

JULY 1985

THIS ANNOUNCEMENT APPEARS AS A MATTER OF RECORD ONLY.

Götabanken

(INCORPORATED IN THE KINGDOM OF SWEDEN)

U.S. \$200,000,000

EURO-COMMERCIAL PAPER PROGRAMME

CITICORP INVESTMENT BANK LIMITED

GOTA (UK) LIMITED

SWISS BANK CORPORATION INTERNATIONAL LIMITED

SWISS BANK CORPORATION
ISSUING AND PAYING AGENT

OCTOBER 1985

New Issue

This announcement appears as a matter of record only.

October 18, 1985



Elkem a/s
Oslo, Norway

U.S. \$ 50,000,000
10 1/2% Notes of 1985/1992

Issue Price: 100% - Interest: 10 1/2% p. a., payable annually in arrears on October 18 - Redemption: on October 18, 1992 at par
Denomination: U.S. \$ 1,000 and U.S. \$ 10,000 - Security: Negative Pledge Clause - Listing: Luxembourg Stock Exchange

COMMERZBANK

AKTIENGESELLSCHAFT

PRUDENTIAL-BACHE
SECURITIES INTERNATIONALCHRISTIANIA BANK
OG KREDITKASSE

CREDIT LYONNAIS

DEN NORSKE CREDITBANK

HAMBROS BANK LIMITED

LTCB INTERNATIONAL
LIMITED

ORION ROYAL BANK LIMITED

SHEARSON LEHMAN BROTHERS
INTERNATIONALSVENSKA HANDELSBANKEN
GROUPUNION BANK OF SWITZERLAND
(SECURITIES)
LIMITED

NOTICE OF REDEMPTION

To Holders of

TEXAS EASTERN
FINANCE N.V.
U.S. \$75,000,000
15% Guaranteed Notes Due 1988

Notice is hereby given that pursuant to paragraph 8 of the Notes and to the provisions of the Indenture dated as of December 15, 1981 among Texas Eastern Finance N.V. (the "Company"), Texas Eastern Corporation, as Guarantor, and European American Bank & Trust Company, as Trustee, the Company has elected to redeem all of its outstanding 15% Guaranteed Notes due 1988. The date fixed for redemption is Sunday, December 15, 1985. Therefore, in accordance with the provisions of the Indenture, payment of the redemption price will be made on December 16, 1985. The Notes will accrue interest to December 15, 1985, and thereafter the Notes will cease to accrue interest. The Notes will be redeemed upon presentation and surrender together with all coupons maturing after December 15, 1985 at the office of the paying agent listed below. The coupons for interest due on or before December 15, 1985 should be detached and collected in the usual manner.

European American Bank & Trust Company
150 Lombard Street
London EC3V 4PP
England

Commerzbank A.G.
Neue Mainzer Strasse 52-56
6000 Frankfurt/Main
West Germany

Société Générale
29 Boulevard Haussmann
75009 Paris
France

Kreditbank S.A.
Lancasterweg 30-32
4100 Rotterdam
Netherlands

Swiss Bank Corporation
Aeschengraben 1
CH-4002 Basel
Switzerland

European American Bank & Trust Company
10 Hanover Square
New York, NY 10015

Texas Eastern Finance N.V.
By: European American Bank & Trust Company
Trustee and Principal Paying Agent

October 18, 1985

NOTICE

Withholding of 20% of gross redemption proceeds of any payment made within the United States is required by the Interest and Dividend Compliance Act of 1983 unless the Paying Agent has the correct tax identification number (social security or employer identification number) or exemption certificate of the Payor. Please furnish a properly completed Form W-9 or exemption certificate or equivalent when presenting your securities.

This advertisement complies with the requirements of the Council of The Stock Exchange.

The Bank of Nova Scotia



Scotiabank

(A Canadian Chartered Bank)

£100,000,000
Floating Rate Debentures 2000
Issue Price 100.10 per cent.

The following have agreed to subscribe or procure subscribers for the Debentures:

Samuel Montagu & Co. Limited

The Bank of Nova Scotia Channel Islands Limited
Banque Nationale de Paris
County Bank Limited
Credit Suisse First Boston Limited
Lloyds Merchant Bank Limited
Merrill Lynch International & Co.
Morgan Guaranty Ltd
Paribas Limited
J. Henry Schroder Wagg & Co. Limited
S. G. Warburg & Co. Ltd.

Bank of Tokyo International Limited
Commerzbank Aktiengesellschaft
Creditanstalt-Bankverein
IBJ International Limited
LTCB International Limited
Morgan Grenfell & Co. Limited
Morgan Stanley International
Sanwa International Limited
Union Bank of Switzerland (Securities) Limited
Wood Gundy Inc.

Application has been made to the Council of The Stock Exchange of the United Kingdom and the Republic of Ireland ("The Stock Exchange") for the Debentures to be admitted to the Official List. Interest is payable quarterly in arrears in January, April, July and October.

Listing particulars relating to the Debentures and The Bank of Nova Scotia are available in The Extel Statistical Service and copies of the listing particulars may be obtained during usual business hours up to and including 23rd October, 1985 from the Company Announcements Office of The Stock Exchange and, up to and including 1st November, 1985 from the addresses shown below:

The Bank of Nova Scotia,
44 King Street West,
Toronto,
Ontario M5H 1H1.

Rowe & Pitman,
1 Finsbury Avenue,
London EC2M 2PA.

The Bank of Nova Scotia,
Scotia House,
33 Finsbury Square,
London EC2A 1BB.

18th October, 1985

This announcement appears as a matter of record only



U.S. \$150,000,000

Floating Rate Depositary Receipts Due 1992

Issued by Bankers Trust Company Limited evidencing entitlement to payment of principal and interest on deposit with

BANCA NAZIONALE DELL'AGRICOLTURA S.p.A.

(Incorporated with limited liability in the Republic of Italy)

London Branch
(Licensed deposit-taker)

Mitsubishi Finance International Limited
BankAmerica Capital Markets Group

CTBC Limited
Banca Nazionale dell'Agricoltura S.p.A.

BACOB S.C.

Banque Bruxelles Lambert S.A.

Banque Indosuez

Banque Nationale de Paris

Chemical Bank International Group

Commerzbank Aktiengesellschaft

Crédit Commercial de France

Crédit du Nord

Crédit Lyonnais

DG BANK

First Chicago Limited

Deutsche Genossenschaftsbank

Fuji International Finance Limited

First Interstate Capital Markets Limited

IBJ International Limited

Genossenschaftliche Zentralbank AG

Merrill Lynch Capital Markets

Vienna

The National Commercial Bank (Saudi Arabia)

Kyowa Bank Nederland N.V.

Saitama Bank (Europe) S.A.

Mitsubishi Trust & Banking Corporation

Saudi International Bank
Al-Bank Al-Saudi Al-Alami Limited

(Europe) S.A.
PK Christiania Bank (UK) Limited

Swiss Bank Corporation International Limited

Sanwa International Limited

Svenska Handelsbanken Group

Takugin International Bank (Europe) S.A.

October 1985

INTL. COMPANIES & FINANCE

Legal dilemma as UAE bank goes into default

BY KATHY EVANS IN DUBAI

BANK of the Arab Coast (BAC), one of the smaller banks in the United Arab Emirates, went into default this week, but its doors remain open to the public. The bank, which is registered in the northern emirate of Ras al Khaimah, was unable to meet local and foreign acceptances, executives of the bank confirmed.

"It is a very unpleasant situation and the Central Bank has to do something," said one senior executive. However, the bank is expected to remain open at least until a shareholders meeting is held next Thursday.

The dilemma for the UAE Central Bank is that legally it cannot move to close BAC. The Central Bank itself currently has no board of directors, and is operating in a legal vacuum. The two leading emirates, Dubai and Abu Dhabi, have been unable to agree on the make-up of the new board or the appointment of a permanent governor for the bank.

Legally, there is no lender of last resort in the Emirates, as the Central Bank's constitution contains no such provision. The individual emirate governments have financed the five bail-outs and forced mergers which have been necessary recently in Dubai and Abu Dhabi. However, the Government of Ras al Khaimah feels that the responsibility of supporting the banking system lies with the Central Bank.

Under the act which established the Central Bank in 1981, Dubai and Abu Dhabi were required to inject some \$20m into the bank. This money has never been received and officials there say the Central Bank does not have the funds for bail-outs.

BAC officials said this week: "The Central Bank cannot dodge its responsibilities for so-called technical reasons." Foreign bankers in the region said that a failure of the bank in the absence of support from the authorities, would reflect the cautious attitude international banks had shown towards the UAE.

BAC has been ailing for several months. Sheikh Omar bin Abdullah al Qassbi, its chairman, confirmed that clients were experiencing difficulties as a result of the bank's liquidity problems.

Customers are unable to write cheques worth more than DH 20,000 (\$5,479) even if their cash balances exceed that amount. Depositors have also been told that they cannot move their accounts to other banks. Three major corporate clients were asked to maintain their

accounts for the next five years without receiving interest on their deposits. Customers were also informed that they would not be able to secure any more loans or open letters of credit.

Prior to the default Sheikh Omar, who is also the nephew of the Ras al Khaimah ruler, believed that it was only a question of time before the bank was sued by its clients. "In four to six weeks at most, it is likely that a judgment could have been secured through the courts by clients whose cheques we did not honour," he said in an interview earlier this week.

However, bank officials now expect that the bank will be liquidated at the meeting proposed for October 24 in Ras al

BANK of the Arab Coast is pressing charges against Mr. Len Forsythe, its former general manager. A long-time resident of the Gulf, Mr. Forsythe faces a number of charges in the Dubai courts ranging from the issue of unauthorized guarantees to overestimating his expenses by \$328 over a four-year period, writes Kathy Evans.

The charges were personally initiated by Sheikh Omar, the chairman of BAC, who requested his arrest in March by the Dubai police. Through-out the lengthy proceedings, Mr. Forsythe has maintained that he is innocent of all charges and that the bank was in a viable position prior to his arrest. His arrest has led to fears among other expatriate managers of local banks that they too could be held legally responsible for loan portfolios which turned sour in a period of recession.

Khaimah. It was extremely unlikely that shareholders would be willing to recapitalize the institution, they said.

The difficulties at BAC are embarrassing for the ruling family of Ras al Khaimah. Apart from Sheikh Omar, another senior member is Sheikh Khalid bin Sagor, who is the crown prince of the emirate. The two are the largest single shareholders.

Sheikh Omar points out, however, that Ras al Khaimah is not a wealthy government like Dubai and Abu Dhabi. The sheikhdom produces only a minuscule amount of oil, and has few other sources of revenue, rendering a bail-out difficult.

Moreover, the ruling family believes it is a federal responsibility

to support the banking system. The ruler, Sheikh Sagor, resisted suggestions that the Khaimah take over the ailing bank. He believes such a move would weaken the national emirate bank.

Two other local banks have in fact expressed interest in taking over BAC. The first was Bank of Credit and Commerce (Emirates), which had sought an inducement from the Central Bank to secure a deal until an audit ordered earlier by BCCE revealed that BAC had a negative net worth of DH 50m.

Negotiations then resumed with First Gulf Bank of Ajman, which had expressed interest in acquiring the bank because of the branches it would bring. Like BCCE, First Gulf Bank asked for a long-term contractual deposit from the central monetary authority of DH 100m.

However, First Gulf already had a DH 50m deposit from the Central Bank, dating from the time it was restructured from its forerunner, Ajman Arab Bank, which collapsed in an earlier banking crisis in 1977. Discussions have dragged on for months between First Gulf and BAC, but there appears no hope of a conclusion until a "sweetener" is produced from either the Ras al Khaimah Government or the Central Bank.

Sheikh Omar said the bank currently needs about DH 100m to provide for loss provisions. The bank's loans and advances now total between DH 270m and DH 280m. Paid-up capital is DH 37.5m. Deposits had fallen from DH 120m at the end of last year to a current level of about DH 80m to DH 90m.

Three members of BAC's board have submitted their resignation, although Sheikh Omar said these had not been accepted. The three directors did not, however, attend a meeting of the board held recently in Dubai.

Sheikh Omar said he does not know how to solve the problems of the bank. "All I know is that they have to be solved and solved soon. It is the job of the Central Bank, for they are supposed to control the banks and I warned them at the beginning of the year what the situation of the bank was."

Sheikh Omar said he was willing to do anything which would relieve the plight of the bank's customers. He recommended that a committee should be formed between officials of the government of Ras al Khaimah and the Central Bank to supervise the bank's activities.

Banco de Santander Dominican assets sold

By Camilo James in Kingston

BANCO de Santander, the Spanish banking group, has sold its assets in the Dominican Republic to Centro Financiero Universal, a local banking conglomerate.

It is the third foreign bank to have divested its interests in the country in the past 18 months amid the reduction by several foreign banks of their operations in the Caribbean.

Centro Financiero, owned by Sr. Leonel Almonte, bought all of Banco de Santander's 15 branches in the country, with assets totalling US\$80m. The price of the transaction was not revealed.

The Banco de Santander also follows the divestment by Banco de Canada of its 15 branches in the country. The RBC operations were bought by the Banco Comercio Dominicano.

The Bank of America sold its Dominican assets last December to the local Grupo Financiero Popular, which owns the Banco Popular Dominicano.

Banking sources said the sales, and those in other Caribbean countries, are the result of difficulties in foreign exchange transactions.

The Royal Bank of Canada last month sold its assets in Jamaica to Jamaica Mutual Life Assurance Society, one of the island's largest insurance companies.

Jamaica Mutual, which previously held a 25 per cent stake in Royal Bank Jamaica, bought the Canadian company's 48 per cent holding for US\$4m. Royal Bank Jamaica's assets are US\$134.6m.

Earlier this year the Canadian bank sold its CIBC operations to the country's government for one Guyanese dollar (23 U.S. cents).

Analysts in Haiti report that Royal Bank of Canada is planning to divest its operations in that country, where it has been operating for 66 years, and has assets of US\$81m, making it the second largest in Haiti.

● Tony Cozier in Bridgetown, Barbados, writes: Caribbean Commercial Bank (CCB), a subsidiary of the Colonial Life Insurance Company of Trinidad and Tobago, has bought the operations of Chase Manhattan here.

Mr Michael Wright, president of CCB, said the deal was expected to be completed before the end of the year. Although he gave no details, bankers believe Chase had been asking \$82.5m (US\$1.24m).

CIBA-GEIGY Limited and CIBA-GEIGY Corporation

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Chase Manhattan Capital Markets Corporation
September 1985



Chase Investment Bank

U.S. \$400,000,000
National Westminster Finance B.V.
(Incorporated in The Netherlands with limited liability)
Guaranteed Floating Rate Capital Notes 2005

In accordance with the provisions of the Notes, notice is hereby given that for the six months interest period from 18 October, 1985 to 18 April, 1986 the Notes will carry an Interest Rate of 8 1/8% per annum. The Interest payable on the relevant interest payment date, 18 April, 1986 against Coupon No. 2 will be U.S. \$426.56.

By The Chase Manhattan Bank, N.A., London Agent Bank

Lloyds Eurofinance N.V.
(Incorporated in the Netherlands with limited liability)
U.S. Dollars 250,000,000
Guaranteed Floating Rate Notes due 2004
Guaranteed on a subordinated basis as to payment of principal and interest by



Lloyds Bank Plc

(Incorporated in England with limited liability)
In accordance with the terms and conditions of the Notes and the provisions of the Agency Bank Agreement between Lloyds Eurofinance N.V., Lloyds Bank Plc and The Chase Manhattan Bank, N.A., dated 1st April, 1985, notice is hereby given that the Rate of Interest for the Interest Period has been fixed at 8 1/8% p.a. The relevant Interest Payment Date is 18th April, 1986, (making an interest period of 182 days) and payment of US\$21.25 will be made against Coupon No. 4.

18th October, 1985
By: The Chase Manhattan Bank, N.A., London, Agent Bank

Brakes off again for Bredero

Michael Harris, of Strutt and Parker, agents to the scheme with Jones Lang Wootton, thinks that the offices will achieve rents £2.50 higher than the best achieved, £13.50, in Hammersmith to date.


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UK COMPANY NEWS

Charles Batchelor looks at British & Commonwealth after John Gunn's appointment

A new face aboard to maintain momentum

WHEN Mr John Gunn becomes an executive director of British & Commonwealth Shipping on November 1 he will be joining a company which has long prospered and fascinated the City.

B & C started in shipping, but has since diversified into a broad spread of interests ranging from office equipment to hotels, financial services to air transport. The complex structure, through which Lord Cayzer, B & C chairman, and his family exercise control of the company, has also served to make B & C something of a mystery to outsiders. Lord Cayzer is a prominent supporter of the Tory Party and a grandson of Sir Charles Cayzer, the founder of Clan Line Steamers, from which B & C is ultimately descended.

It was just over two weeks ago that Mr Gunn announced his surprise decision to step down as chief executive of Exco International, the highly successful financial services group he created.

His move to B & C has prompted speculation that change is afoot at B & C and even that a bid for Exco might be made. B & C already has a 19.8 per cent stake in Exco.

Neither Gunn nor B & C were commenting this week, but the view among analysts who have followed the company closely was that a bid for Exco, currently valued by the market at around \$385m would go against the grain at B & C. The company has specialised in funding new ventures rather than buying into established companies, they said.

The decision by the company in June to tidy up some of its investments was taken as an



Lord Cayzer (left) chairman of B & C, and Mr John Gunn

early sign that changes might be on the way but B & C retorts that adjustments are always being made to its portfolio—it bought out minority shareholdings in three air transport companies and in St Mary Axe Holdings, a financial holding company in a deal worth \$68m.

Centre of the far-flung B & C empire is Cayzer House, an undistinguished office building which looks across a City square to the gleaming P & O tower, former home of another prestigious shipping group. For all their unimpressive exterior, B & C's offices are steeped in the company's glorious maritime past.

In the entrance hall an im-

posing oil painting depicts The Convoys to the Motherland leaving Table Bay, 1917.

"From the ends of the earth at Empire's need," the legend continues as the proud ships of the Castle Line set sail under the watchful eyes of HMS Hyacinth and flotilla of naval escorts.

For a company which so clearly cherishes its seagoing history B & C's directly-owned shipping interests now account for only a very small part of its business.

Formed from a merger of the Union-Castle and Clan Line in 1955 B & C inherited a 100-strong fleet. This has now been reduced to just six merchant

vessels.

Much more significant is B & C's 19.8 per cent stake in Overseas Containers, the consortium owned jointly with P & O and Ocean Transport and Trading.

Overseas Containers achieved a four-fold increase in pre-tax profits in the year ended November 1984, although a provision for tax and other extraordinary items pushed it into the red at the attributable level. B & C's own shipping fleet is loss-making, the only part of the group which is in the red.

Despite the problems of shipping, the history of B & C over the past 30 years has been one of a group which has exploited newly-emerging areas of profit and then moved on to something else.

From shipping it began to switch in the early 1960s into air travel. Its aviation interests now include the Bristow Helicopter Group and Air UK, the short-haul airline.

B & C also developed financial services activities. It helped create Gartmore Investment Management in 1968 (it still owns 49.9 per cent) and set up a small banking operation, Cayzer Ltd.

One of its most successful moves was its decision to back John Gunn when he set up Exco in 1979. Exco grew out of Astley & Pearce, then a small money broker. Exco, in which B & C has a 21.6 per cent stake, now has a market valuation of well above \$400m.

B & C's claim to have been in the venture capital business before it became fashionable is backed by outside observers. "Their success has been their

DIVISIONAL ANALYSIS

	1984	1983
Shipping loss	2.3	1.74
Air transport	17.1	14.4
Aviation	6.1	5.0
Hotels	0.27	0.52
Office equipment	2.54	2.93
Other	2.02	16.97
Associates	42.76	12.91
Total*	64.22	58.53

* Also allows for profit on sale of aircraft, profit on sale of ships, provision for unrealised currency losses and net investments and interest income. † Profit.

management's ability to identify successful ventures at an early stage," said Mr Alan Kelsey of stockbrokers, Kitecat & Aiken.

"For some time now B & C has become less of a shipping company and more of an industrial holding company and part investment trust," commented Mr Kenneth Long of stockbrokers, Greaveson Grant in a recent review.

Even the directly-owned companies are given a fair degree of management freedom. Of necessity, since the eight-man team of B & C directors could not involve itself in the everyday affairs of such a broad range of companies.

Despite its success in picking winners B & C does not have a grand blue-print for the future, commented one of its managers in the self-deprecating style which characterises the company. Nobody foresaw the full potential of the Exco investment, he acknowledged.

Group companies made profits of £22.4m in 1984, only just over

half the £42.7m contribution from associated companies. But B & C rejects criticism that its profits are vulnerable to factors beyond its control, pointing to the quality of the earnings.

This formula has produced significant increases in both profits and earnings over the past five years. Pre-tax profits rose from £24.4m in 1980, to £56.2m last year while earnings increased from 13.3p per share to 30.8p.

The Cayzer family, their trusts and associates in effect control B & C through a network of holding companies.

The most important strand runs through a 66.8 per cent Cayzer stake in the listed Sterling Industries. Sterling holds 50 per cent of Greaveson, a private company, which in turn owns 16.3 per cent of Caledonian Investments, another public company owning 48.5 per cent of B & C.

Mr Gunn's role at B & C is not yet clear, but analysts who have followed the company believe he will take on a non-specialist function, overseeing existing investments and looking out for new opportunities.

Lord Cayzer, now aged 75, has pointed out in the past that his father, uncle and grandfather all died in office. But whatever the chairman does, a number of other directors will be reaching retirement age within the next three to five years.

Still only 43, Mr Gunn will represent a younger generation on the B & C Board. The challenge he faces will be to maintain the momentum that has been built up in the past few years.

Albert Fisher in £13.9m rights issue as profits near £4m

Albert Fisher, food distribution and services group, increased pre-tax profits from £1.09m to £3.76m in the year to August 31 1985, and is proposing a one-for-three rights issue to raise £13.9m.

The company says it is raising the money to enable it to pursue a strategy of rapid growth while keeping net borrowings to a minimum.

Directors say the proceeds of the issue will provide the group with resources to finance the group's capital expenditure programme and further acquisition.

The current year's capital expenditure programme will cost £4m and includes new factory facilities, enlarged warehouse and distribution facilities and expansion of the food service commercial vehicle franchise operation.

The group continues to explore opportunities for balanced expansion in the UK and the U.S. Some potential acquisitions are being considered, but no commitments have been made.

The directors, who are recommending a final dividend of 0.54p (0.67p adjusted) say it is too early to make a forecast for the coming year but look forward to another year of continuing growth.

They say that, in the light of good results and their confidence in prospects for the current year, they intend to recommend a dividend totalling 2.25p for the year ending August 31, 1986, on the capital as increased by the proposed rights issue an increase of 50 per cent on the dividend for the year to August 31, 1985.

The proposed issue involves 13.63m new ordinary shares at 100p per share, offered on the basis of one new share for every three ordinary shares or one for every £1.38 nominal of convertible preference shares.

The new shares will not rank

DIVIDENDS ANNOUNCED

	Current payment	Date	Corresponding	Total for year	Total for year
Alcoa Inds.	0.14	Dec 6	0.11	0.14	0.11
J. B. Williams	1.4	Dec 12	1.4	—	2.8
Blue Bird Conf.	3.61	Nov 21	3.44	5.21	4.96
City of Oxford	2.5	—	2.5	—	7.25
Dales Estates	Nil	—	0.5	—	0.5
Albert Fisher	0.54†	Jan 10	0.67*	1.5	1.5
Highland Elect.	1.5	—	1.8	2.5	1.8
London Atlantic	1.95	Dec 13	1.85	—	6.1
S. Lyles	3	Jan 2	3	5.5	5.5
Poetlin's	8.0	—	11	12.9	11.88
H. C. Silageys	1.2	Jan 3	1	—	5.6
Steel Bros.	4	Dec 13	4	—	16

Dividends shown pence per share net except where otherwise stated. * Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues. ‡ USM stock. § Unquoted stock.

Biomechanics £0.6m rights

BY LUCY KELLAWAY

Biomechanics International, maker of plant for the treatment of industrial effluent, announced yesterday details of a rights issue to finance the construction of an anaerobic plant for Wrexham Lister Beer Company, a subsidiary of Allied-Lyons. At the same time, the company revealed a loss for the six months to June of £180,000.

The issue will raise £60,000 through the sale of convertible loan stock. The stock, which carries an 8 per cent coupon and is dated 1991, will be offered to shareholders on the basis of £1 nominal for every 13 shares held. It will convert into shares from 1988 to 1990 at the rate of five for each £1m nominal of stock.

Biomechanics joined the USM

in 1983 as a start-up venture. The contract with Allied-Lyons represents its first major contract in the UK, although the company has completed a major plant for Hercules in France.

The plant, which processes natural waste to generate methane gas as an energy source, will be the first in the brewing industry. Allied-Lyons commented yesterday that "this new technology could have a significant effect on the efficiency of the Wrexham brewery and ultimately on the UK brewing industry as a whole."

The savings resulting from the plant, which will cost £500,000 to build, will be shared between Wrexham and Biomechanics. The plant is expected to be completed by the second half of

1986, when it should start generating income.

In addition to the Allied-Lyons deal, Biomechanics has received letters of intent from two other companies, Hercules and Johnson, Smurfit, to build plants in the UK.

Turnover in the first six months increased from £71,000 to £108,000. The loss compares with a loss for the previous first half of £137,000. The loss was arrived at after charging £63,000 reflecting closure costs of the company's office in the U.S.

News of the contract and rights issue was well received in the City where the shares rose 3p to 24p. This compares to a placing price of 50p, and a high of 130p reached shortly afterwards.

Blue Bird loss but final raised

FOLLOWING a second half in which the company incurred heavy losses BLUE BIRD CONFECTIONERY HOLDINGS slumped to a pre-tax loss of £93,000 in the year to June 29, compared with profits of £299,000 last time.

A number of factors were blamed, including the loss of £82,000 by a subsidiary which has since been closed, and provision for bad debts and stock write downs due to the economic climate.

At the halfway stage, when no reference was made to possible problems, increased profits of £131,000 (£115,000) were reported on turnover a little down from £3.82m to £4.77m. In the second six months however, there was a loss of £224,000, against a comparable £184,000 profit, on

turnover down by 16 per cent from £5.03m to £4.22m. The full year turnover came out at £9.98m, down by 9 per cent on the previous year's £9.88m.

Despite a loss per share being recorded of 6.7p (earnings 4.03p) an increased total payment of 5.21p (4.96p) is being recommended with a final dividend of 3.61p (3.43p).

The shares fell by 12p following the announcement and closed at 66p.

Among the other reasons given for what the directors describe as an extremely difficult second half were the increased cost of raw materials and packaging, which were difficult to pass on because of cut-throat competition, unprecedented pressure on prices in the UK from major buyers and bad weather

during the first two months of the second half.

They add that there was a loss of retail trade due to a change in the retail distribution system, which has since been rectified.

It is also pointed out that there has been a general trend away from the consumption of sugar confectionery to chocolate products.

The problems have continued into the present year. Speedy action has been taken to reorganise management and restructure the company.

The pre-tax figure included profit on property sales of £22,000 (£58,000) and was struck after depreciation of £205,000 (£223,000) and interest payments of £164,000 (£199,000). The tax charge was £131,000 (£119,000).

RENOLD LEADERSHIP IN ELECTRONICS INNOVATION

For the second successive year Renold skills in the practical application of electronics to engineering components have been rewarded with an industry-recognised 'oscar'.

In 1984 the Renold 'Novadrive' variable speed controller won the 'Triad' award. Now, the Renold absolute shaft encoder has been chosen winner of a coveted 'Archimedes' award for 'the most innovative advance in product design made possible by incorporating electronic control'.

These successes reflect Renold's philosophy of designing, developing and producing high technology products with significant price and performance

benefits. Novadrive was a British breakthrough for the speed control of electric motors. The absolute shaft encoder similarly sets new standards of simplicity, accuracy, long life and low price in the measurement of the angular position of shafts. These products are the first components of Renold's robotic system making possible the rapid extension of flexible manufacturing systems (FMS).

Renold, a British-based group with international resources, sets world standards for traditional products such as roller chain, gearboxes, conveyor chain, clutches and couplings and hydraulic transmissions.

*Triad Awards are sponsored by Electric Drives and Controls magazine.
†Archimedes Awards are sponsored by Eureka magazine.
The winners are selected by readers' votes.

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Key figures 1st Half (in millions of French francs)	1984	1985	Δ %
Sales	26,166	28,848	+10.2
Cash Flow	2,041	2,577	+26.3
Net Profit	786	1,038	+32.1

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- streamlining of less profitable activities.

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"Don't accept an offer which grossly under values your shares."

"Don't be fooled by the dubious value of Beazer's 'Top-Up'."

"Above all, don't let Beazer reap your rewards."

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UK COMPANY NEWS

C. H. BEAZER (HOLDINGS) PLC TENDER OFFER FOR 25 % OF SGB GROUP plc

Beazer is tendering to acquire 10,688,000 SGB shares (25 %)
Beazer already owns 2,125,000 SGB shares (4.9 %)
The Share Alternative is worth 207.9p
The Cash Alternative is 195.5p
The SGB share price before the tender was 160p
The Share Alternative represents an uplift of 29.9 %
The Cash Alternative represents an uplift of 22.2 %

You must return your Forms of Tender by 3.30 p.m. on Wednesday 23rd October 1985.

UNIQUE TOP-UP PAYMENT

The Tender Offer Document gives details of a potential top-up payment for which acceptors of the Tender Offer will qualify. In outline, Beazer is promising that, if it were to bid for SGB in the next 12 months, its bid will be in cash or include a full cash alternative and all acceptors of the Tender Offer will then get a further cash top-up to the level of Beazer's highest cash or cash alternative bid. This will apply if Beazer's bid succeeds or if a rival bid succeeds (but not otherwise); so acceptors of the Tender Offer will get, if the Tender Offer is successful, the same cash price that Beazer is prepared to pay if it were to bid for SGB in the next year and control of SGB goes to Beazer or a rival bidder.

Where a recognised bank, licensed institution (within the meaning of the Banking Act 1979), Trustee Savings Bank, National Girobank or a member of The Stock Exchange affixes its stamp to the Form of Tender, Beazer will pay a fee (together with VAT, where appropriate) from its own resources of 1p per SGB share represented by such form and tendered and accepted by Beazer.

Tenders will be irrevocable and subject to the condition that unless tenders are received for 5,100,000 SGB shares the Tender will lapse.

Copies of the Tender Offer Document and Forms of Tender (upon the terms of which alone tenders will be accepted) may be obtained from L. Messel & Co., 1 Finsbury Avenue, London EC2M 2DE (01-377 0123) or National Westminster Bank PLC, New Issues Dept., PO Box 78, 2 Princes Street, London EC2P 2BD (01-639 9181).

The consideration being offered compares with the middle market quotation of SGB shares of 160p derived from The Stock Exchange Daily Official List at the close of business on 8th October 1985. The value of the Share Alternative stated above is based on the middle market quotation of Beazer shares of 460p derived from The Stock Exchange Daily Official List at the close of business on 16th October 1985, adjusted to reflect the fact that such shares will not rank for the proposed final dividend of 8.0p per Beazer share for the year ended 30th June 1985.

THIS ANNOUNCEMENT WHICH IS MADE BY L. MESSEL & CO. ON BEHALF OF BEAZER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. IT SETS OUT THE PRINCIPAL FEATURES OF THE TENDER OFFER DOCUMENT DATED 9th OCTOBER 1985 AND FORM OF TENDER SENT TO SGB SHAREHOLDERS AND IS NOT ITSELF AN OFFER. IF YOU ARE IN ANY DOUBT ABOUT THE TENDER OFFER, PLEASE CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

IEP Securities takes 29.29% of Kenning

BY MARTIN DICKSON

IEP Securities, headed by New Zealand entrepreneur Mr Ron Brierley, emerged yesterday as the holder of a 29.29 per cent stake in Kenning Motor Group, one of Britain's biggest motor dealers and van hire companies. IEP, which already held a small stake in Kenning, increased this with the purchase of a near 36 per cent holding from the Kuwait Investment Office, which disclosed on Wednesday that it had sold on to an unnamed party. Mr James Foster, managing director of Kenning, said the company had had a courtesy call

from Mr Brierley advising it of the stake, but he had not indicated his intentions for the future. Kenning shares closed last night at 143p, down 2p, as the market reconsidered earlier speculation that a full bid might emerge for Kenning. However, Mr Brierley evidently regards the UK motor industry as an interesting investment area. Last June IEP took a controlling interest in Toter, Newsley & Milbourn, the troubled motor and property group.

It also has a stake in a third motor dealer, Perry Group, and revealed yesterday that it had increased this from 6.5 per cent to 10.23 per cent. Kenning, badly hit by last year's miners' strike, saw pre-tax profits fall £4.21m to £7.55m in the year to September 1984 and dived into the red in the first half of the current year, with pre-tax losses of £438,000. It blamed this on the performance of its car hire side, as well as on lower profits from its tyre service business and operations in the U.S. and Zimbabwe.

Kalon Group withdraws its £9.3m offer for Dufay

BY CHARLES BATCHELOR

Kalon Group, the West Yorkshire paint maker, withdrew yesterday from the bidding for Dufay Bitumastic, the industrial coatings group. This followed Wednesday's announcement from British Tar Products (BTP) that it had bought a 54.1 per cent stake in Dufay.

Kalon announced plans for a £9.3m takeover bid for Dufay on October 7. It said yesterday that there would be benefits from a merger with Dufay, but it did not believe that an offer higher than the one it had already made could be justified on commercial or financial grounds. Kalon's offer of 21 of its own shares for every 10 of Dufay was worth 58.7p for each Dufay share at yesterday's Kalon share price of 27p.

British Tar paid 55.5p cash per share for the 54.1 per cent holding in Dufay. It bought the shares from the liquidator of Camrex, part of the Ruberoid group.

Any share offer from BTP for Dufay would normally be made at a higher level than the cash purchase. Any Kalon counter-bid would also have to be higher. BTP is seeking a meeting with Dufay in the hope of getting the agreement of its board to a bid. Dufay's shares eased up to 58p yesterday ahead of Kalon's announcement of its withdrawal. BTP was unchanged at 113p. Chubb's Bank, which is advising Kalon, said that neither the bank nor its client had not bought any shares in Dufay.

Laporte expands U.S. pool interest

Laporte Industries (Holdings) has bought Blue Devil Industries of California for \$3.2m (£2.7m) cash. Blue Devil makes and supplies accessories for the swimming pool industry which sales of \$2.4m in 1984 and \$2.1m for the first half of 1985. The company was formed in 1975 making high quality accessories for domestic pools and spas and has since then expanded its range to include vacuum heads, brushes, leaf rakes, skimmers and hoses. It will complement Laporte's existing swimming pool business and enable the group to offer a complete range of chemicals, test kits and accessories.

In 1969, A & M became a wholly-owned subsidiary of Foster Wheeler Corporation, leading supplier of power generating equipment for utility, industrial and marine plants. In 1978, A & M was acquired by Xomox, a U.S. company engaged in the manufacture and marketing of fluid flow products. In 1980, Xomox was acquired by Emerson Electric.

Hopkinsons to acquire U.S. valve maker

Hopkinsons Holdings has conditionally agreed to acquire the outstanding capital stocks of Atwood & Morrill, a U.S. manufacturer and designer of valves. The conditional agreement provides for the retention of certain assets and products by Xomox Corporation, the parent company of A & M.

The consideration for the proposed acquisition is approximately \$9.8m (£6.9m) cash. As the reporting accountants have been unable to report without qualification on the past profits and net assets of A & M because the accounts of A & M were not then audited and because of the size of the transaction, the acquisition is conditional upon the approval of the shareholders of Hopkinsons Holdings in general meeting. The net assets of A & M on June 30 1985 were \$8.35m (£5.82m).

A & M designs, manufactures and services valves for the power, process, petroleum, chemical and pulp and paper industries. In 1969, A & M became a wholly-owned subsidiary of Foster Wheeler Corporation, leading supplier of power generating equipment for utility, industrial and marine plants. In 1978, A & M was acquired by Xomox, a U.S. company engaged in the manufacture and marketing of fluid flow products. In 1980, Xomox was acquired by Emerson Electric.

French Kier attacks Abbey's record

BY FRANK KANE

French Kier, the UK construction, shipping and property group, has launched a strong attack on the trading record and share performance of Abbey, the Dublin-based housebuilder for which it has made a £20m offer.

The formal offer document, posted yesterday to shareholders, notes that in the five years to April 30 1985, profit before tax has fallen 16 per cent from £13.85m to £12.95m, and in the same period earnings per share have fallen "dramatically".

The document goes on: "Apart from a brief period after flotation and the period of recent speculation, Abbey shares have traded considerably below the original offer price and shareholders have suffered accordingly."

In a reference to the Gallagher family, which controls Abbey but which is split in its response to the offer, the document adds: "Shareholders may well ask themselves when, in the absence of our offer, the full potential of their investment in Abbey could be realised, against the background of the conflicting objectives of the various major family shareholdings."

Abbey responded last night by saying that Kier was "confused to its attack". The Allied Irish Investment Bank, advising Abbey, said that the trading problems to which Kier referred arose under the management of the Patrick Gallagher faction of the family, displaced when the present chairman Mr Charles Gallagher took over in 1983. "The present management has taken harsh decisions in rationalising assets and cutting costs," a spokesman for the bank said. Abbey closed at 100p sterling yesterday, down 5p on the day, while French Kier slipped 4p to 215p.

Orders lift Slingsby to £149,000 at midway

The continued increase in both turnover and profits at H. C. Slingsby, trucks, ladders manufacturer, is encouraging say the directors but they explain that the fulfilment of last year's orders has exaggerated results for the first half of 1985. From a turnover up from £2.4m to £2.8m the taxable surplus for the period to June 30 advanced to £149,100, compared with £134,782.

The directors add that the extra tax liability—the charge has risen from £15,000 to £27,000—erodes the resulting available profit, down from £108,782 to £102,100.

The interim dividend, however has been lifted from 1p to 1.2p net, despite a fall to earnings per share to 10.2p (11p) per share.

For the whole of 1984 pre-tax profits were more than doubled from £105,000 to £264,000 and directors noted that 1985 showed signs that the group was maintaining the improvement of 1984. They added that it was too early to say whether profits were likely to be better as margins were still difficult to maintain and expenditure necessary to generate business continued to increase materially.

Audio Fidelity in profit

AFTER several years in the red, Audio Fidelity has swung back into profit for the year to April 30, 1985. Pre-tax profits were £56,444 against losses of £159,153 in the previous year, and £35,550 at the interim stage. No dividend is again being paid—the last payment was 0.7p in January, 1981. Stated earnings per 10p share of this manufacturer, wholesaler and retailer of hi-fidelity sound equipment were 3.07p against losses of 6.42p.

The directors say problem areas remain in retail and distribution, but the situation is constantly improving. Group turnover during the year improved from £3.7m to £4.3m. Deferred tax was £3,000 against £15,625 in the previous year there was an adjustment resulting in a credit of £678. There was an extraordinary credit of £73,153 this time compared with £29,153 previously.

BANK RETURN

BANKING DEPARTMENT

	Wednesday October 16 1985	Increase (+) or Decrease (-) for week
LIABILITIES	£	£
Capital.....	14,053,000	—
Public Deposits.....	2,840,148,549	+ 184,978,172
Bankers' Deposits.....	721,045,627	+ 15,767,141
Reserve and other Accounts.....	1,427,046,944	+ 15,004,598
	5,004,590,520	+ 215,080,155
ASSETS		
Government Securities.....	537,627,771	- 26,530,600
Advances and other Accounts.....	858,054,181	- 84,112,000
Premises Equipment & other Secs.....	5,623,777,901	+ 156,929,694
Notes.....	0,065,597	+ 1,498,664
Other.....	467,820	+ 18,130
	5,004,590,520	+ 215,080,155

ISSUE DEPARTMENT

	£	£
LIABILITIES		
Notes in circulation.....	12,004,836,783	- 36,201,436
Notes in Banking Department.....	5,063,247	- 1,498,664
	12,010,000,000	- 60,000,000
ASSETS		
Government Debt.....	11,015,100	—
Other Government Securities.....	1,842,444,211	+ 861,089,013
Other Securities.....	10,156,840,689	+ 221,089,013
	12,010,000,000	- 60,000,000

LADBROKE INDEX
1.043-1.047 (unchanged)
Based on FT Index
Tel: 01-427 4411

Management buy-out of Bonar Langley Alloys Limited by Langley Holdings Limited

financed by the management
and the following institutional investors
led by MURRAY JOHNSTONE LIMITED

MURRAY VENTURES PLC
INVESTORS IN INDUSTRY plc
THE PRUDENTIAL ASSURANCE COMPANY LIMITED

with banking facilities provided by
CLYDESDALE BANK PLC

October 1985



Milton Friedman
Nobel Prize in Economics

«Moral values are individual;
they are not collective.»

«Moral values have to do with what each of us separately believes and holds to be true — what our own individual values are.»

This bridging passage leads Friedman to a short essay entitled «Is Capitalism Humane?», in which he writes:

«The essential notion of a capitalist society is voluntary cooperation, voluntary exchange. The essential notion of a socialist society is force. If the government is the master, if society is to be run from the center, people ultimately have to be ordered what to do.»

«In the past few decades there has been a great decline in the moral climate. We see it in the rising crime statistics, in the lack of respect for property, in the kind of rioting that broke out in New York after the blackout, in the problems of maintaining discipline in elementary schools. Why? Why have we had such a decline in moral climate? I submit to you that a major factor has been a change in the philosophy which has been dominant, a change from belief in individual responsibility to belief in social responsibility. If you adopt the view that a man is not responsible for his own behavior, that somehow or other society is responsible, why should he seek to make his behavior good?»

The foregoing excerpts are taken from five essays that have been published in a private edition by Bank Hofmann AG. In recent years superficial commentators have been only too eager to associate Milton Friedman with political experiments of one kind or another, but readers of these essays will find, perhaps to their surprise, that their author treats Left and Right with similar dispassionate detachment. It is human dignity that is of importance to him, and the environment in which it can flourish, including the free market economy for whose preservation it is our daily task to strive.

We shall be happy to send interested applicants a copy of the private edition*, «Five Essays»/«Fünf Aufsätze» by Milton Friedman, as long as supplies last. Just send a postcard or your business-card.

BANK HOFMANN AG
ZÜRICH

Talstrasse 27
Letters: P.O. Box, CH-8022 Zurich

Munich Office: Prinzregentenstrasse 54, D-8000 Munich 22

* Contents of the private edition: (in English) The Future of Capitalism / From Galbraith to Economic Freedom / (in German) Ist der Kapitalismus human? / Wirtschaftliche Mythen: und öffentliche Meinung / Marktmechanismus und zentrale Wirtschaftsplanung.

Gaymer's Olde English

Sales of our keg cider have nearly quadrupled in the four years to December 1984.

Country Manor

Launched in 1980, sales have quadrupled in the four years to February 1985.

Castlemaine XXXX

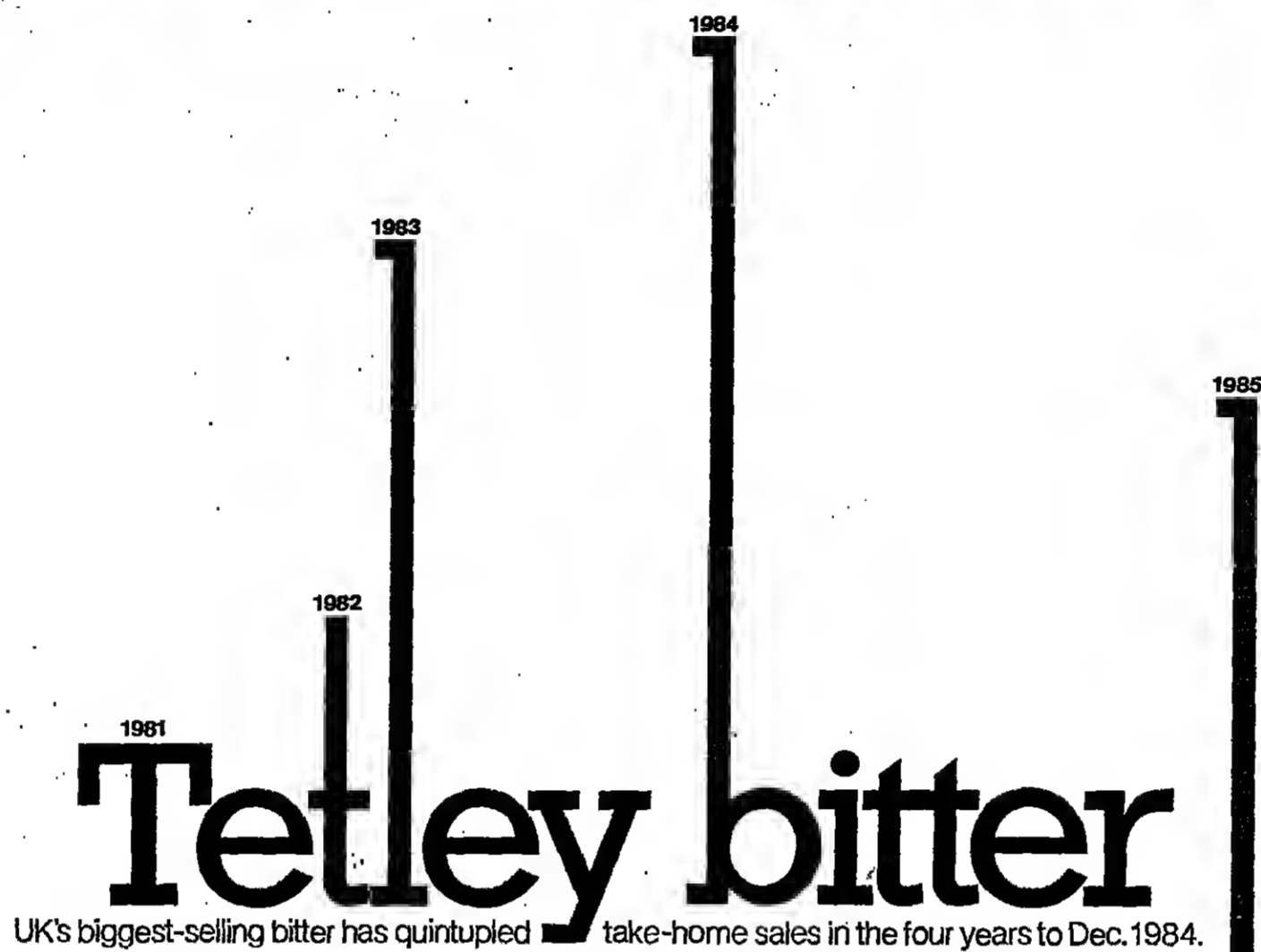
Launched 16 months ago, it is the fastest growing major brand of lager in Britain.

Tetley tea bags

Exports to Canada have tripled in value in the five years to February 1985.

Grants of St James's

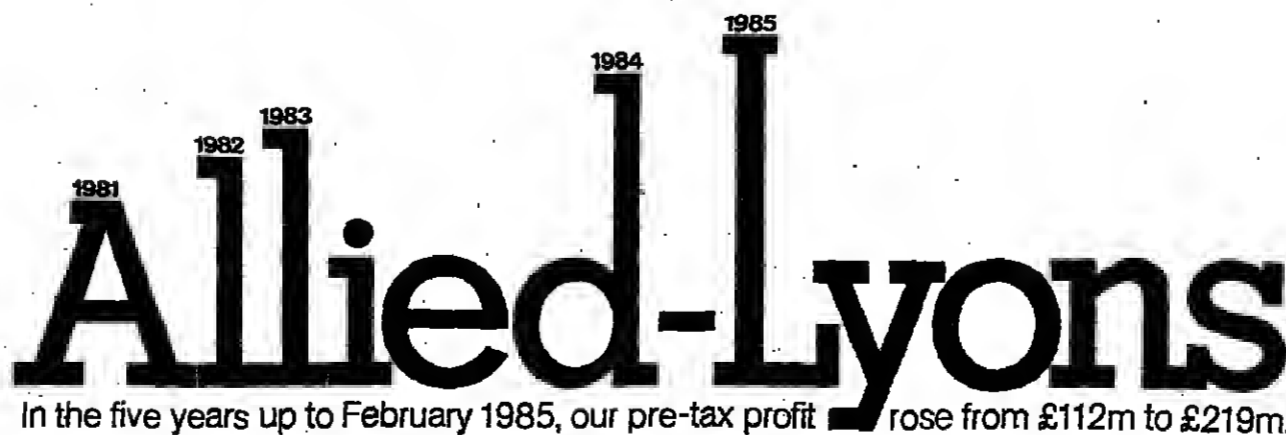
The country's leading shipper of wine has doubled the value of sales in the five years to February 1985.



UK's biggest-selling bitter has quintupled take-home sales in the four years to Dec. 1984.

Embassy Hotels

Trading profit has increased over six times in the three years to February 1985.



In the five years up to February 1985, our pre-tax profit rose from £112m to £219m.

UK COMPANY NEWS

NOTICE OF REDEMPTION
Avco Financial Services
Canada LimitedCan. \$25,000,000
10 1/4% Guaranteed Notes due 1986Unconditionally Guaranteed as to Payment of
Principal, Premium, if any and Interest by
Avco Financial Services, Inc.

Notice is hereby given that Avco Financial Services Canada Limited intends to redeem on November 18, 1985, the C\$ 24,900,000 Notes outstanding for the 10 1/4% Guaranteed Notes due 1986 at a price of 100% of the principal amount, together with interest on such principal amount accrued and unpaid to the said date of redemption. The redemption price on the said Notes shall be payable on presentation and surrender thereof with all unmatured coupons at any one of the following agencies:

Royal Bank of Canada, Royal Bank Plaza, Toronto, Ontario M5J 1J5, Canada.
Citibank, N.A. Citibank House, 336 Strand, London WC2R 1HB, England.
Citibank, N.A. Neue Mainzer Strasse 40/42, D-6000 Frankfurt/Main 1, West Germany.
Citibank, N.A. Avenue de Tervuren, 248, B-1150 Brussels, Belgium.
Citibank, N.A. Herengracht 545-549, Amsterdam, The Netherlands.
Citibank, N.A. Citicenter, 19 Le Parvis, La Defense, 7, Paris, France.
Kredietbank, S.A. Luxembourgeoise, 37 Rue Notre Dame, P.O. Box 1106, Luxembourg.
Citibank, N.A. Piazza della Repubblica 2, Milan, Italy.
Swiss Bank Corporation, Aeschenvorstadt 1, CH-4002, Basle, Switzerland.

Notes should be surrendered with all coupons appertaining thereto maturing after the date fixed for redemption, failing which the face value of any missing unmatured coupon will be deducted from the sum due for payment.

Any amount so deducted will be paid against surrender of the missing coupon within a period of 6 years from November 18, 1985. On and after the date fixed for redemption, interest on the Notes will cease to accrue.

Dated October 18, 1985

AVCO FINANCIAL SERVICES CANADA LIMITED

Pound strength blamed
for fall at Steel Bros.

THE STRENGTH of the pound is expected to reduce the full-year profits of Steel Brothers Holdings, which reports interim pre-tax profits for the six months to June 30 1985 down from £5.51m to £5.44m.

Turnover for the group, which has interests in construction, foodstuffs and manufacturing, was up at £81.25m (£87.91m). Directors say the strength of sterling and reduced profits from the group's North American lime operations are expected to mean lower full-year results than 1984. They are recommending a maintained interim dividend of 4p.

Food and catering interests in the Middle and Far East and Canada were able to maintain profits, but the group's UK catering activities experienced difficult trading which accounted for the reduction in results.

Profits from North America have been adversely affected by the closure of an important copper mine in Utah and by tighter margins, but business

based in Canada has shown an improvement.

Most of the group's engineering activities have not traded profitably and steps are being taken to rationalise the division.

The group's activities break down as follows: food and catering £3.41m (£3.72m); lime, aggregates and construction supplies, £1.77m (£1.77m); engineering £1.00m (£94,000); general trading, £117,000 (£23,000); insurance broking, £352,000 (£276,000).

Depreciation costs were £2.15m (£2.06m), with UK tax of £826,000 (£826,000) and overseas tax of £1.68m (£1.59m).

Earnings per share fell to 21.83p (24.61p).

comment
Steel Brothers' attempts to diversify away from overseas trading seem to have succeeded more in diversifying its difficulties than in restoring growth.

All the problems are familiar ones, but it is rare to see such

a wide variety affecting one group. The Middle East operations have been hit by the declining population of expatriate workers; in-flight catering, by the decline in popularity of Spain as a package tour destination; NHS catering, by the uphill struggle in meeting intense competition from in-house bidders; construction materials, from the depressed level of the U.S. housing market; and just about all the overseas activities, from the strength of sterling this year compared with last. None of these shows any immediate signs of a change for the better, save perhaps the charter flight catering operations, nor are there any dazzling silver linings. About £14m seems likely at best this year, putting the shares, steady at 85p yesterday, on a prospective p/e ratio of 9.4. At that level they seem to be defying gravity only through the possibility that British & Commonwealth, now sitting on 43 per cent of the shares, might one day launch a

Highland Elect. ahead to £1.1m

Highland Electronics Group, electronics components group, has increased its pre-tax profit from £622,914 to £1,046m in the year to April 30, 1985, on turnover up from £10.64m to £11.94m. A final dividend of 1.5p (1.8p) is being recommended, making 2.5p (1.8p) for the full year.

Highland Electronics, the group's main subsidiary, recently purchased a new distribution centre in Sussex.

The directors say this will create further sustained growth for distribution sales and release space in the company's manufacturing facility in Scotland to cope with the growing demand for the company's products.

The company says it views the future with confidence and is planning a major development investment to strengthen its hold on its main markets.

Extraordinary debits of £158,951 (£4,345) come mainly from a change in the treatment of Walter Jones's stock of product support spares, usage of which has been below expectations. This has been written off. A small net charge also arises from property and investment. Tax was £37,703 (£178,567) after which earnings per share were stated at 7.8p (5.4p).

Undertaking
given on
purchase of
Clay shares

By Charles Batchelor

McCorquodale, the security printing and packaging group, has undertaken not to buy more than 15 per cent of the shares of Richard Clay, the book printer, for which it has launched a £12.2m takeover bid, until the completion of the Monopolies and Mergers Commission investigation into the offer.

McCorquodale launched its bid in July, but it was referred to the Commission in August.

The practice of bidders giving undertakings not to make major purchases of the target company's shares arose after Dee Corporation continued buying shares in rival supermarket concern, Booker McConnell, despite an announcement in June 1984 that its £236m takeover bid had been referred.

The Government announced last October that the bidder would be prevented from acquiring power to exercise a material influence by limiting the acquisition of shares in its target to a specified level, normally 15 per cent.

McCorquodale currently owns no shares in Clay and its bid of 10 of its own shares for every 11 of Clay received acceptances from the holders of only 0.47 per cent of Clay's equity by the August 9 first closing date.

McCorquodale may seek to withdraw or vary its undertaking if circumstances change during the reference period. In this case, the Office of Fair Trading has said it would give prompt consideration to any request.

Second half surge
boosts Pochin's
profit to £843,000

SECOND half taxable profits of

Pochin's builder and civil engineering contractor, surged from £187,000 to £511,000 and lifted the full-year result to May 31 1985 from £505,000 to £843,000—back to the level attained in the 1980-81 year.

Turnover rose from £20.68m to £22.53m, and directors explain that results owe little to distortions of both turnover and profits which have arisen by virtue of the sale of completed developments, as on occasions in the past.

In their interim statement, last April, the directors said they anticipated that the final outcome for the 12 months would not be materially different to 1983-84.

After tax of £299,000 against £46,000, earnings are given as 52.89p (44.15p) per share. Although the final dividend is lower at 8.9p, compared with 11p, the total is up from 11.875p to 12.9p.

The construction side of the business had a difficult year, but made some contribution to profitability, the directors state. Prospects for present year are obscure, but chairman confirms that the company is trading profitably to date. Although forward load is at a somewhat lower level than at this time last year, there are a number of

design and build contracts in the pipeline which, hopefully, will reach maturity shortly, and help to redress the situation, they say.

The development company has now completed the D17 project mentioned last year which was largely pre-let, and the remainder is now let subject to completion of documentation.

There are a number of prospective projects which are currently being pursued, directors point out, and in the meantime a 10,000 sq ft unit has been commenced on the company's site in Middlewich.

The concrete pumping activities have increased in areas already established and some new ground has also been broken.

Judgement in the court case against Pochin (Contractors) has now been perfected, and although costs remain at £255,000 on turnover of £4.4m, directors' decision as to the adequacy of provision made in last year's accounts, it is stated. However, an appeal and cross appeal have now been lodged. The directors say the company's trade organisation is prepared to support the board in this matter to the extent of meeting costs of the appeal in the event the company is not successful.

USM placing puts value
of £7.4m on Shandwick

Shandwick, a public relations group, is joining the USM via a placing of shares arranged by Morgan Grenfell. At the 175p placing price, the company is valued at £7.4m, and of the 1.2m shares being placed, about 900,000 are being sold by Mr Peter Gummer, the chairman, who will own 64 per cent of the company after the placing. New money being raised will be about £120,000 after expenses.

Shandwick came into being in 1974 as a result of a management buyout of a part of the Industrial and Commercial Finance Corporation. Now the company consists of three subsidiaries engaged in public relations for consumer products, for financial and parliamentary affairs and for high technology and fashion.

In 1975, operating income of the group was £172,000—it has now grown to £2.9m. In the year to July 1985, the company made profits before tax of £555,000 on turnover of £4.4m. This represented a sharp increase from a position of break-even in 1982 which followed losses of about £100,000 in the previous year.

Last year Shandwick involved 157 different clients, and in the first two months of the current year several new clients have been acquired. While there is no profit forecast, the directors indicate that operating income so far this year is higher than for the same period of last year.

At the placing price the shares are on an historic p/e multiple of 22 after a tax rate of 48 per cent. The forecast yield is 3 per cent. Dealings start on October 24.

Swire Pacific Limited
Interim Dividends for 1985
Scrip Dividends
Notice

With reference to the Notice which appeared on 14th October, 1985, will shareholders please take note that the formulas for calculating the number of new shares which shareholders will receive in respect of their existing shares for which elections to receive cash are not deposited with the Registrars in Hong Kong or with the Registrars' Agents in the United Kingdom should read as follows:

"For A shares:
Number of new A shares to be received = Number of existing A shares x $\frac{0.43}{24.77}$

For B shares:
Number of new B shares to be received = Number of existing B shares x $\frac{0.095}{3.875}$ "

The last date for the completed election forms to be returned to the Registrars in Hong Kong or the Registrars' Agents in the United Kingdom will now be 21st October, 1985.

By Order of the Board
John Swire & Sons (H.K.) Limited
Secretaries

Hong Kong,
15th October 1985

Swire Pacific Limited
The Swire Group
Swire House, Hong Kong

Granville & Co. Limited

Member of The National Association of Security Dealers
and Investment Managers

8 Lovat Lane London EC3R 8SP

Telephone 01-621 1212

Over-the-Counter Market

High	Low	Company	Price	Change	Gross Yield	P/E	Actual	Yield
146	123	Ass. Brit. Ind. Ord.	131	—	8.9	5.0	7.3	8.7
151	135	Ass. Brit. Ind. CULS.	137	—	10.0	7.3	—	—
77	43	Airways Group	56	+	5.4	11.4	8.3	12.2
46	28	Armitage and Rhodes	45	—	4.3	5.4	5.5	6.7
159	108	Barton Hill	108	—	4.0	2.8	20.0	20.8
64	42	Bury Technology	59	—	3.9	8.6	7.2	8.3
201	155	CCL Ordinary	155	—	12.0	7.7	3.9	3.0
162	104	CCL 1 1/2% Conv. Pl.	104	—	15.7	15.1	—	—
130	10	Carborundum Ord.	92	—	4.9	3.2	5.2	8.8
92	83	Carborundum 7 1/2% Pl.	83	—	10.7	11.5	—	—
73	48	Deborah Services	81ud	—	7.0	13.7	5.3	7.0
850	150	Frank Hovell	850	—	1.4	—	—	—
288	213	Frank Hovell Pl. Ord.	259	—	11.9	2.2	12.5	16.8
32	21	Frederick Parker	21	—	—	—	—	—
83	33	George Blair	79	—	3.0	5.3	11.6	12.7
82	20	Ind. Practice Coalings	43	—	15.0	7.8	14.5	21.8
218	177	Isla Group	190	—	—	—	—	—
124	101	Jackson Group	105	—	8.5	5.2	7.1	—
285	213	James Burrough	250	+	18.0	8.0	7.3	7.9
84	63	James Burrough SpcPl.	84	—	12.3	13.7	—	10.9
35	71	John Howard and Co.	87	—	5.0	5.7	5.9	9.9
225	100	Lingaphone Ord.	180	—	15.0	16.7	—	—
100	90	Lingaphone 10.5% Pl.	90	—	8.8	1.2	24.9	20.7
130	21	Robert Jenkins	270ud	—	—	—	10.3	22.6
60	29	Scruttons "A"	31	—	—	—	—	—
82	91	Torday and Carlisle	88ud	—	5.0	7.4	—	—
444	320	Trevian Holdings	433	—	4.3	3.2	18.2	17.9
35	17	Unilever Holdings	35	+	2.1	8.0	8.6	9.3
113	91	Weller Alexander	110	—	8.4	7.7	8.5	7.5
247	195	W. S. Yates	202	—	17.4	8.6	5.7	9.9

Prices and details of services now available on Prestel, page 45146

Wherever it is, we'll find it.

OIL. Wherever it is, we'll find it. Oil is the primary source of energy. It is the power that moves the world and will be so for many years to come. But, it is necessary to be prepared to wrestle this treasure from the earth's most secret strongholds, using the latest continuously evolving technology, and to venture into hostile, inaccessible places.

Agip, Italy's national oil company, took up this challenge sixty years ago, probing into the origins of the earth, experimenting with new techniques, and devoting to these activities human and economic resources that are always up to the difficulties to be overcome.

Wherever the possibilities of finding oil exist, Agip is present with its spirit of initiative and decades of experience. The results achieved, alone or in cooperation with leading oil companies, in 30 countries, on 5 continents, make Agip a reliable operator in any oil activity. Even where no-one has ever reached.



Agip
Eni Group

Deep thinking. Top results.

[illegible][illegible]

PG Box 194, St. Helier, Jersey.	0.914	+0.002	0.916	551.95	-0.10	-
Slavery Fin. Int. Fd.	1.367	+0.001	0.71	17.61	0.12	0.12
International Soc.	0.872	+0.001	0.873	20.24	1.23	1.23

[illegible]

	Gross	Net	CAR	Int Cr
The Charities Deposit Fund				
77 London Wall, London EC2N 1DB			01.508	1815

Money Market Bank Accounts

Adams & Co. plc
22 Charlotte Sq. Edinburgh, EH2 4DF
Full Service Car Acc. 11.75 B nol
Aitken Home
30 City Road, EC1V 2AY.

[illegible][illegible][illegible][illegible][illegible][illegible][illegible]

Options		Call		Put	
Long Delta	0.720	+0.3			
Long Gamma	2.45	+0.3			
Long Vega	0.001	+0.01			
Long Theta	-0.01	-0.01			
Long Rho	0.01	+0.00			
Long Probability	0.995	+0.01			
Long Elasticity	0.000	+0.00			
Long Delta Marginal	0.718	+0.3			
Long Gamma Marginal	2.45	+0.3			
Long Vega Marginal	0.001	+0.01			
Long Theta Marginal	-0.01	-0.01			
Long Rho Marginal	0.01	+0.00			

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Long Rho Marginal	0.01	+0.00			

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Long Theta Marginal	-0.01	-0.01			
Long Rho Marginal	0.01	+0.00			

Options		Call		Put	
Long Delta	0.720	+0.3			
Long Gamma	2.45	+0.3			
Long Vega	0.001	+0.01			
Long Theta	-0.01	-0.01			
Long Rho	0.01	+0.00			
Long Probability	0.995	+0.01			
Long Elasticity	0.000	+0.00			
Long Delta Marginal	0.718	+0.3			
Long Gamma Marginal	2.45	+0.3			
Long Vega Marginal	0.001	+0.01			
Long Theta Marginal	-0.01	-0.01			
Long Rho Marginal	0.01	+0.00			

Options		Call		Put	
Long Delta	0.720	+0.3			
Long Gamma	2.45	+0.3			
Long Vega	0.001	+0.01			
Long Theta	-0.01	-0.01			
Long Rho	0.01	+0.00			
Long Probability	0.995	+0.01			
Long Elasticity	0.000	+0.00			
Long Delta Marginal	0.718	+0.3			
Long Gamma Marginal	2.45	+0.3			
Long Vega Marginal	0.001	+0.01			
Long Theta Marginal	-0.01	-0.01			
Long Rho Marginal	0.01	+0.00			

Options	
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OFFSHORE OVERSEAS

[illegible]

OPTIONS

3-month call rates

[illegible]

Prices at 3pm, October 17

Continued on Page

NYSE COMPOSITE PRICES

[illegible]

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AMEX COMPOSITE PRICES

Prices at 3pm, October 17

Stock	Dir	P/E	Stk	High	Low	Close	Change	Stock	Dir	P/E	Stk	High	Low	Close	Change	Stock	Dir	P/E	Stk	High	Low	Close	Change	Stock	Dir	P/E	Stk	High	Low	Close	Change	
			100k								100k								100k									100k				
AcmePr		5	24	24	24	24	+	DWS	.08	5	100	100	100	100	+	Angst		7	100	100	100	100	+	Resrt A		35	1091	45	426	464	+34	
Acton		5	24	24	24	24	+	Dermot		5	109	104	104	104	+	inCng	.80	9	137	134	134	134	+	Resrt B		35	2020	45	426	464	+34	
Alf	.18	19	50	20	20	20	+	Delmad	.19	440	420	420	420	+	inCng	.120	10	115	115	115	115	+	Reid		12	10	10	10	10	10	10	
Afric	.29	12	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Afric	.50	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368	36	36	36	36	+	Reid		12	10	10	10	10	10	10
Alf	.20	20	20	20	20	20	+	Dipson		68	10	10	10	10	+	inCng		368														

OVER-THE-COUNTER

Nasdaq national market, 2.30pm prices

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